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Wednesday May 29 1991

force commanded by UK

assistant secretary of state for African affairs who chaired the

two-day London meeting, said

the three rebel groups involved had agreed to hold a follow-up conference "not later than July

1 to discuss . . . the formation of a broad-based transitional

They have agreed that such a conference is important in order that a wider range of par-

ties and interests be included."
US officials brokering the
negotiations sanctioned the

capture of the city by Mr Zen-awi's EPRDF, but have warned

Ethiopian government to follow rebel win

pare a new constitution.

Yesterday's rapid takeover of the capital, which began with a dawn invasion by thousands of

EPRDF guerrillas, allayed fears

of a slide into anarchy However, implementing

promises of peace, democracy and reconciliation after three

decades of civil war and famin

will prove a demanding task.
Thousands of government
troops are still in the countryside and some loyalist soldiers

have yet to be won over. The other groups at the talks

tion will depend on greater democracy in the country. Mr Cohen stressed that "the

government of Ethiopia, whichever form it takes, can-

not expect international

co-operation without democ-

racy. This is extremely impor-

tant. There will be no excep-tions to that rule."

The EPRDF, which once espoused a Marxist ideology, has since moderated its stand. In addition to forming a transitional government, the

rebels have agreed to hold internationally monitored elec-

lems would be solved."
At his London press conference, seated in front of a red

banner dominated by the image of a Kalashnikov assault

rifle, Mr Zenawi promised the maintenance of law and order

and speedy resumption of fam-

In Addis Ababa burnt-out

tanks smouldered outside the presidential palace and bodies

were scattered over the grounds where rebels and the

World News

North and **South Korea** to join Nato at same time

In a major diplomatic turnround, Communist North Korea said it would apply to ion the United Nations simul taneously with pro-western

smeously with pro-western South Korea.

North Korea took the step reluctantly, because it means giving tacit recognition to the existence of the Seoul government and deviating for the first time from its one Korea policy. The surprise announcement follows four decades of hostility between the two Koreas.
Page 18; Joining the real
world, Page 4

An oil tanker carrying 32 people was hit by an explosion and fire off the African coast near Angola. Eighteen survi-vors from the Bermuda-regis tered Summer, carrying 260,000

tons of oil, have been rescued. US-USSR gap narrows US differences with Moscow over the treaty reducing conrentional forces in Europe (CFR), which have been holding up a US-Soviet summit, are now "very narrow", President George Bush said. Page 18

In a sombre ceremony, the family of assessinated indian leader Rajiv Gandhi poured his ashes into the sacred waters at the confluence of Ganges and Yamma rivers.

Jet wreckage locted Aviation experts inspected the crash site and wreckage of an Austrian jet that blew apart in flight, killing all 223 aboard. Widespread looting was reported at the scene. Page 4

Mozembicen desi The Mozambican government and Renamo rebels have agreed to sign a compromise deal to unblock peace talks aimed at ending the country's

New bishop for Mescow Tadeus Kondrusevich, 45, The first Roman Catholic Archishop of Moscow for more ars was enthroned following rapproche between the Kremlin and the

Japanese 'wall of death' Japanese hunting policy and "wall of death" fishing nets are killing thousands of dolphins, porpoises and small whales, driving many species to the point of extinction. according to a report at the International Whaling Commission meeting in Iceland.

Islamic law for Pakistan Pakistan's parliament decreed that the Islamic code of Sharia will be the country's supreme law. The controversial legisla-tion was after 40 failed amendments by a weak opposition that called the Bill fundamentalist and undemocratic

An ageing Europe Research shows that popula-tions in Europe and Canada are likely to age significantly over the next 60 years, a development that could severely

Hiliacker to be extradited A Greek court backed a request for the extradition of Palestinian Abdullrahim Khaled, convicted in Italy of masterminding the Achille Lauro cruise ship hijack in

Yugoslav debate Yugoslavia's federal parlia-ment began debate on a motion of no confidence in Premier Ante Markovic. whose ttempis at market reform have angered Serbia's govern-ment of renamed Communists.

African leeders, divided in their response to recent reforms in South Africa, are to review the need for sanctions at the June 35 OAU summit in Abuja, Nigeria.

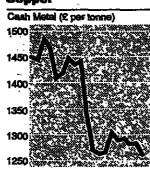
ICL expected to announce purchase of **Nokia Data**

ICL, the UK-based computer manufacturer, 80 per cent owned by Fujitsu of Japan, is expected to announce today that it will buy Nokia Data, computer systems division of Finland's largest public com-pany. Page 19

JAPAN Airlines, the nation's largest international carrier, said pre-tax profits tumbled 49 per cent to Y25.9bn (\$187.7m) in the year to the end of March. All Nippon Airdecline in pre-tax profits to Y25.4bn. The airlines blamed the effects of the Gulf war for the profits decline. Both suf-fered lower international passenger load levels. Page 19

COPPER: The dollar's fall influenced the London Metals Exchange's sterling-denominated copper price, which fell to a three-month low of £1,270.50 a tonne in the cash position. The three months

Copper



price was down still more sharply, by £30 to £1,288.50 a tonne. Attention remained focused on labour relations at the Chilean Copper Corpora-tion (Codelco). Commodities, Page 27; Dollar falls below

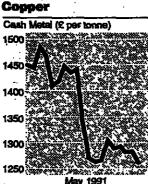
EMPERIAL CHEMICAL INDUS-TRIES, the chemicals combi has been told by the British government that any bid by conglomerate, would almost certainly be handled by the European Commission's comnetition authority in Brussels rather than the British Monopolies and Mergers Commission. Page 19

FRRRUZZI Finanziaria (Ferfin), the holding company for finly's second largest private-sector group, suffered a 20 per cent fall in after tax consolidated earnings, net of minority interests, to 1.248bn (\$195m)

last year. Page 19 US CONSUMER confidence will shortly bottom out. The index fell to 74.2, compared with 79.4 in April and 107.3 a year ago. Page 8

to agree a slight increase in oil production at next week's meeting of the Organisation

CANADA PACKERS, the Toronto-based food processing subsidiary of Hillsdown Holdings, the UK food group, is sell-ing its edible oils division for C\$105m (US\$182m). Page 20



DM1.70, Page 38

tell in May for the second suc-cessive month, throwing doubt on forecasts that the recession

OIL MINISTERS are expected of Petroleum Exporting Countries (Opec) in Vienna. Page 18

BUY-INS: Most UK management buy-ins fall to attain the financial targets in their business objectives, according to a study by Nottingham University's Centre for Management Buy-Out

LAND ROVER: Plans by the UK maker of four-wheel drive leisure/utility vehicles to set up a "sizeable" operation in Brazil are in jeopardy hecause a Rio businessman claims he is the legithmate holder of the Land Rover name in Brazil."

don yesterday as rebels won control of the capital Addis

AGREEMENT on a transitional

overnment for Ethlonia was

reached at peace talks in Lon-

Ababa.
The rebels' victory in effect ends 30 years of civil war.
Mr Meless Zenawi, the 36-year-old leader of the Ethio-

Mr Herman Cohen, the US

A COMPLETE reorganisation

of Nato forces for the mid-1990s, including a British-com-

manded rapid reaction corps, was agreed yesterday by defence ministers meeting in

The new structure means Nato will field smaller forces in the central region of Europe by the middle of the decade. The

plan, a response to the collapse of the Warsaw Pact and Soviet

withdrawals from eastern Europe, will reshuffle Nato forces from separate nations

Forces attached to Nato's

ntegrated command are expec-

ted to be reduced by more than

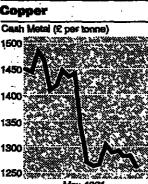
20 per cant over the next few years, including deep cuts in US and British stationed

The US Army in Germany is expected to be reduced from more than 200,000 to about

into mixed formations.

plan People's Revolutionary Democratic Front, the main rebel group, and probable future leader of the country, said in London that his US-endorsed takeover of the capital Nato plans rapid reaction

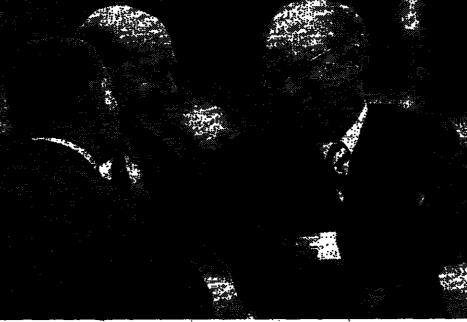
ways, the leading domestic carrier, suffered a 19.4 per cent



Approval of the changes will enable the British government to go ahead with a planned 25 per cent reduction of the Brit-ish Army to 120,000. The current figure of 55,000 British troops stationed in Germany is

to be halved. The three armoured divi-sions of the British Army of the Rhine will be cut to one. This division will be given an important role in the new rapid reaction corps, which will be headed by a British lieutenant-general.

However, Mr Gerhard Stoltenberg German desence min-ister, said alternative provi-sions had been made for the British armoured division to be deployed as part of a German-led army corps, depending on circumstances. This means British troops could come



NATO secretary general Manfred Wörner, centre, chats with US defence secretary Dick Cheney, right, and Greek defence minister Ioannis Varvitslotis, at yesterday's meeting

The compromise, dual-role arrangement reflects German sensitivity about the high profile being assumed by the UK in the reshaping of Nato's ter British division based in the UK are compromised. armed forces in Europe after the Cold War. A key to the new force struc-

ture is that it should be adaptable to a range of different contingencies, in contrast to the current structure geared to fac-ing a massive and sudden attack by the Soviet Union. Under the new-look Nato structure, a British-dominated rapid-reaction corps, totalling between 70,000 and 100,000

made up of British. German. Belgian and Dutch units, and a southern region division probably under Italian leader-

Mr Tom King, British defence secretary, said a US Army division might also be Nato is also planning air and naval units for rapid deployment. The structure and com-

Mr Stoltenberg emphasised that the changes in Nato force structures were linked to the strengthening of Europe's role in the Alliance.

Yesterday's talks, at which France was not represented, showed up diverging opinions about the nature of a future "defence identity" for Europe.

• Ian Davidson in Paris adds: The French Foreign Ministry spokesman made clear that France would have nothing to do with a new Nato Rapid Reaction Force since France is not part of Nato's integrated military structures.

He said the EPRDF's "temporary" position in power did not mean Ethiopia's political prob-Rebels with a cause, Page 5 **New Bundesbank** chief appointed for two years

By Andrew Fisher in Frankfurt

eration Front (EPLF), which

seeks independence for the Red

Sea province of Eritrea, and

the Oromo Liberation Front, representing Ethiopia's largest

etimic group which advocates self-determination for the Oromo people.

pian prime minister who on Monday quit the London meet-ing after Washington sanc-

tioned the rebel takeover, yes terday called the talks

Mr Tesfaye Dinka, the Ethio-

MR HELMUT SCHLESINGER, a resolute defender of price sta-bility, will be appointed the next president of the Bundes-bank for a two-year term, the Finance Ministry in Bonn con-

rinance ministry in Bohn confirmed yesterday.

The 66-year old Mr Schlesinger will thus cap a career of nearly four decades at the central bank by succeeding Mr Karl Otto Pöhl, 51, who earlier this month enveloped that he this month announced that he was resigning in October for personal reasons.

Succeeding Mr Schlesinger as Bundesbank head in 1993 when he reaches retirement age, will be Mr Hans Tiet-meyer, 59, former state secretary at the Finance Ministry who joined the Bundesbank directorate in 1989 and will now move up to vice-president

The government's quick decision on the succession has avoided the embarrassment caused when Mr Pöhl's confirmation for a second eight-year term, the full period of office, was delayed by coalition disagreements in 1987. The Finance Ministry said that Mr Theo Walgel, the finance minister, would propose Mr Schlesinger's appointment at today's athirst meetings or at the port cabinet meeting or at the next

one on June 12. Although Mr Tietmeyer widely tipped to succeed Mr Pöhl after he made his resignation known, the government decided that the nomination of Mr Schlesinger would give financial markets stronger reassurance of policy continu-ity at the Bundesbank.

The tough-talking Mr Tiet-meyer, who concentrates mainly on international monetary affairs, has taken an equally strong line on the need



Helmut Schlesinger: more restrained

for anti-inflationary policies, but he has been at the bank for a relatively short time since leaving Bonn.

With a more restrained style than the often convivial Mr Pohl, who also came from the Finance Ministry, Mr Schlesin-ger has nevertheless made his mark on the workings of the Rundeshank as its main economic thinker.

He is less well-known out-side banking circles than Mr Pöhl, but has used every oppor-tunity to hammer home his strong views on the need to stamp out inflation before it is too late. Last year, as concern grew about the cost of reunifi-cation, he called on the govern-ment to look at bolder ways of solving the problem such as more privatisation of west Ger-

Newmont in merger talks with Canadian gold producing group

By Nikki Tait in New York and Bernard Simon in Toronto

NEWMONT MINING, the largest US gold producer, and American Barrick Corporation, a sizeable Toronto-based goldminer with interests ranging from Nevada to Quebec, amounced yesterday that they were considering a merger.

If the deal goes ahead it will so, there would be a separate If the deal goes ahead, it will create a very substantial gold producing group: Newmont Mining, through its Newmont Gold subsidiary, produces around 1.5m ounces a year, while American Barrick notched up around 600,000

ounces in 1990.

The two companies said that they had already agreed the broad terms of the deal – a share swap involving 1.8 shares in American Barrick for each Newmont share - but warned that a number of sub-stantive issues remained to be

"There is no certainty that discussions will move to the stage where approvals will be sought of the respective boards of directors of shareholders," a joint statement said. Newmont declined to elaborate on the

so, there would be a separate share exchange offer, on the basis of 1.845 shares in Ameri-can Barrick for each share in Newmont Gold. Newmont Gold, Newmont's principal operating subsidiary in the US, would then become a 100 per cent owned subsidiary of the

cent owned subsidiary of the merged group.

About 42 per cent of Newmont's shares are currently held by Sir James Goldsmith, the Anglo-French financier, and a further 7 per cent by companies under the control of Britain's Lord Rothschild. These interests were acculted. These interests were acquired via an asset swap deal last year with the UK's Hanson group. Hanson, in turn, had picked up the Newmont holding through a bid for Consoli-dated Gold Fields. Yesterday, Newmont said

that the Barrick deal had been

discussed with its board, where Sir James is represented, and lack of support. In London, however, the merger discussions seemed to create some surprise at the Rothschild offices: "We had no prior news," Mr Clive Gibson, a director of St James Capital, said. "We're learning about it now." Sir James was said to be travelling and uncontactable.
In mining terms, a merger
would bring together two of
the strongest gold producers
outside South Africa.

Newmont's 90 per centowned gold mining subsidiary, Newmont Gold, is already North America's biggest pro-ducer. It has the advantages of low costs (totalling only US\$218 an onnee last year), no debt and huge ore reserves.

Barrick is a less conservative group. It has grown rapidly in the same years since it entered

the seven years since it entered the gold business, and has gained a special reputation for innovative ways of hedging its Continued on Page 18

Share offer closes 10.00 am Friday, 31st May 1991.

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ming from its economic success Mexico: The country's industrial companies US steel manufacturingsThe decentralised, egalitarian style of the mini-milf12 Editorial Comments British and US policy towards Iraq; UK transport

The Netherlands: A divided government with-out a strategic vision ______1717 out a strategic vision Japanese air cerrieves The Gulf crisis took a heavy toll on profits

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Hong Kong: The colony faces a problem stam. Zulu leader becomes political --- force to be reckoned with



Before the latest spate of township killings Chief Mangosuthu Buthelezi was discounted by anti-apartheid activists as a regional leader of little consequence. They have been forced to Page 16

Stock Merketsworld 37 -Landon Technology

New York lunchtime: \$1.7455 Londou: \$1.745 (1.7305) DM2.9625 (2.9575) PFr10.0675 (10.045) SFr2.5226 (2.5175) Y240.5 (239.5) £ index 92.0 (91.8) GOLD . New York: Comex Jun \$363.7 (356.8) \$361.0 (356.05) M SEA OEL (Argus)

\$19.45 (19.325)

Chief price changes yesterday: Page 19

MARKETS

Fed Funds 53 % 3-tno Treesury Bills: yield: 5.55 Long Bond: 98.3 yield: 8.28%

DOLLAR

SFr1.4445

Y137.65

London

New York tu DM1.695

DM1.698 (1.7085)

SFr1.4455 (1.455)

FFr5.77 (5,805)

Y137.85 (138.4)

\$ index 65.7 (65.9) Tokyo closa: 138.35 US knobtine rates

S&P Comp 378.78 (+1.29) Tokvo: Nikkei 25,390.67 (-35.21) LONDON MONEY 3-month interbank: closing 11 % (same) Liffe long gilt futur June 9012 (9032)

STOCK INDICES

2,479.7 (+8.6)

1,937.0 (+4.5)

FT-A All-Share

New York

DJ Ind. Av.

1,194.85 (+0.2%)

2,833.36 (+ 19.45)

FT Ordinary:

Brussels sees Britain's VAT policy as danger

Brussels set European Commu-nity rates of value added tax (VAT) could jeopardise the completion of the internal market, according to Mrs Christiane Scrivener, the EC tax

Mrs Scrivener yesterday warned that continued British intransigence at next Monday's meeting of EC finance minis-ters risked throwing away perhaps the best opportunity so far for member states to agree on the vexed question of indirect taxation.

"There's a contradiction between a desire to have a sin-gle internal market and this refusal to set a minimum rate [of VAT]," Mrs Scrivener said

esterday. She believes that 11 of the 12 member states now favour a compromise proposal, tabled by the Luxembourg presidency of the BC, for a minimum 15 per cent rate of Vat from January 1, 1993. But approval has to be unanimous and the UK is again set to oppose the proposals on the fundamental grounds that VAT rates should be market-driven, and that imposition of rates threatens

sovereignty over tax matters.

The government would be very reluctant, I think, to con-cede on that point of princi-ple," said a UK official yester-

France is likely to raise Vat on some products to help hold the budget deficit at FFr80bn (£7.96bn) this year, Mr Pierre Bérégovoy, the economics minister, said yes-terday. The current middle

Vat rate is 18.6 per cent.

He said in a radio interview that the Vat increases would "respond to the need to control the budget deficit" at a time when growth and the presence of the property of the presence of the presen tax revenues are slowing.

there's any middle way which would allow honour to be satisfied." Britain also disputes the Commission's belief that har-monisation of VAT is essential for the achievement of the sin-

The UK's principled objec-tion to VAT harmonisation particularly rankles with Mrs Scrivener because she believes Britain - often critical of the Commission's lack of pragma-tism - would have little problem conforming to the Luxem-bourg proposals, and that other member states have already made more material sacrifices. The Luxembourg compro-mise would allow the UK to retain its current rate of VAT at 17.5 per cent, and, at least for a transition period, con-

tinue zero VAT-rates on some

bly the UK which is in the best

bly the UK which is in the best position (to comply with the Luxembourg proposals)." Mrs Scrivener said yesterday.

Officials fear that failure to reach agreement on Monday might prompt other EC countries to unearth their old objections to the plan, undermining the possibility of an agreement before finance ministers." before finance ministers' self-imposed deadline expires at the end of this year.

At an informal meeting of

finance ministers two weeks

ago, Luxembourg's representa-tive, Mr Jean-Claude Juncker, said his country wanted to use the last month of its presidency to get some agreement on the issue. But EC officials are also afraid that once released from the presidency, Luxembourg, with its traditionally low indirect tax rates, will revive its own opposition to further harmonisation. The Netherlands, which takes over the presidency in July, is also thought to be less willing to make concessions to intransi-

gent member states.
The Commission is particularly keen that borders should be seen to be open after 1992. If Vat rates are not narrowed suf ficiently, frontier tax checks might still be needed. If agreement is reached, the proposals will take the form of a direcCommunist party accused of twisting arms among the military

Yeltsin's running mate says troops under poll pressure THE Soviet Union's ruling

Communist party is exerting overt pressure on the armed forces to vote against Mr Boris Yeltsin in next month's Russian presidential elections, the Russian leader's running mate

charged yesterday. Colonel Alexander Rutskoy, himself a Communist, said the greatest threat to Mr Yeltsin came from party committees who were ordering ordinary members to vote for Mr Nikolzi

members to vote for Mr Nikolai Ryzhkov, the disgraced former Soviet prime minister known as "the weeping Bolshevik".

"Our greatest weakness is that we don't have district and regional committees and can't force people to vote against their will (unlike the Commu-nist party)," he said in a tongue-in-cheek remark at an impromptin news conference in impromptu news conference in his cramped office yesterday. Col Rutskoy, a dapper 44-year-old, seems more like a

retired English army officer who has made a successful career in the City of London than a Communist candidate for vice-president. But he is ideally suited to fighting along-side Mr Yeltsin, who left the party last year.

Sporting a thick greying moustache and polka dot tie, and declaring his hobbies to be fishing and art, the colonel is a man for all tastes. He illustrates the paradoxes of what it means to be a Communist, a military man and a democrat in the present-day Soviet

A member of the central

By Leyla Boulton in Moscow

yesterday gave preliminary approval to legislation for the partial indexation of earnings

to cushion Soviet citizens

The legislation is designed to

ease popular fears about steps to a market economy but begs the question of whether the

country can afford it. The

Labour Ministry estimates that every percentage increase in a

index will cost Rbs3.55bn (£1.16bn) in compensation.

second reading later this month, is thus short on detail.

The official explanation for

this, however, is that consumer

The law, which goes for a

against inflation.

committee of the hardline Russian Communist Party (which has threatened to expel him), he says he is counting on the votes of Communists and others "who favour democratic ers "who rayour democratic changes". Made a Hero of the Soviet Union for his prowess as an air force pilot during the Afghan War (se was captured by Afghan rebels after they shot down his aircraft), Col Rutskoy is also an ardent

Having set up a reformist parliamentary group called Communists for Democracy, he favours radical market reforms tempered by "awareness that not everybody is capable of

patriot who says that "nobody has the right to tear Russia to

earning a living".
Claiming that the great strength of Leninism is that "it says nothing negative about man", he also reveals that he is a Christian.

Lighting a cigarette, the col-onel says he visits the Zagorsk monastery every three months to "rest his heart and soul". Like a knight going into battle, he went to the fathers of the Russian Orthodox Church on

Monday to seek their blessing

for "this great task". But he says that unlike the Communist party, the church, which is re-emerging as an important force in Russia, will not give instructions to its believers on how to vote. His only advice to the electorate is to come out and vote, and

central and republican govern-

Indexation for pensioners, students, teachers, doctors and other state employees who do not work in industrial enter-

prises, is supposed to come from (depleted) state coffers. But compensation for workers

in state-owned enterprises will in theory be compensated from

wage funds and tied to produc-

This suggests that profitable enterprises will have to carry

makers will have to run to the state for more money. The Soviet government, which says its ultimate aim is

Indexation of earnings

THE Soviet parliament yet to be worked out by

moves a step closer

Madrid in drive to save US air links

By Peter Bruce in Madrid

A HIGH-LEVEL Spanish foreign ministry delegation is due in start emergency talks with the US Department of Transport in Washington today in an effort to manufacture. today, in an effort to prevent the possible collapse of air traffic between the two countries.

The US warned last week that the Spanish authorities had until yesterday to explain why they had blocked introduction of a new American Airlines route from Miami to Spain, a United Airlines route, due to start next month from Washington, and plans by Con-tinental to fly from Newark, New Jersey, from next Janu-

the Spanish delegation fails to satisfy Washington, and Spanish flights to the US are blocked in retaliation, officials in Madrid warn that established US routes to Spain could in turn be blocked, thus threatening all traffic between the two countries.

Spain's decision to block the first American flight from Mismi has brought to a head a tense debate between the two countries over revisions to their bilateral air transport treaty, signed in 1972. The Spanish feel the weight of traf-fic is tilting too heavily in favour of US strilnes.

Spain wants its state-owned carrier, Iberia, to be allowed to build a hub at Miami to serve Latin America and the Caribbean. Iberia has recently bought control of Aereolinas Argentinas and a Chilean carrier, and wants to become Europe's main carrier to South America. Iberia is also pressing to be allowed to sell internal routes in the US, through agreements with regional air-

Officials at Iberia were confident yesterday that the row over blocking American Air-lines could quickly be resolved. But some analysts believe the Spanish will find it difficult to persuade Washington to allow Iberia to open a hub in Miami, as this could imply a huge increase of traffic from Spain to the US.

W German inflation

West German inflation accelerated again in the month to mid-May, to its highest yearon-year level since last Novem-

Frankfurt.
The Federal Statistics Office said cost of living for May was provisionally 0.3 per cent up on April, 2.9 per cent higher than a year earlier, and the highest November 1990. Economists expect the rate to rise, perhans



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THE NEW NORTH EAST

baskets and the degree of compensation for various to free prices, increased state retail prices on April 2 by an topping 4 per cent in July. Bucking the German trend with management buy-outs

By Leslie Colitt in Berlin

MR Helmut Warnke is a rare species of manager in Germany, east or west.

As managing director of the APAG aluminium products enterprise in Potsdam, he and two other executives took over their former east German state company two months ago in a

nent buy-out. "We did it without knowing what it was called," the new owner admitted.

Management buy-outs are unusual in west Germany and even more so in the east where takeovers by west German companies are generally the rule. Just 80 out of nearly 1,600 former state enterprises sold by the Treuhand agency for the privatisation of east German concerns were bought by their eastern managers. But the Treuhand now believes that 1,200 of the 7,400 compa-nies it still has to sell could be disposed of through MBOs. Smaller and medium-sized companies, in particular, are seen as obvious candidates. Mr Warnke, however, was

loath to approach the privatisation agency last September when he decided to embark on a management buy-out. The Trenhand had rejected his first bid for privatisation in early 1990 and he was convinced that former communist functionaries in the agency were to

"We were afraid of dealing with the same people and being turned down again," Mr Warnke explained. Instead, he established a holding company with three other APAG managers. They took in a minority shareholder to negotiate on their behalf with the Treuband.

West German banks were also difficult to convince because they felt the security being offered was too vague and the risk too great, Mr Warnke said. In the end, the company's former house bank, Deutsche Gewerbebank, which revamped as the Volksbank Potsdam, was willing to against the security of the future business prospects, which appeared bright APAG had won several new customers in the west after losing all but three of its 300 former customers as a result of competi-tion from the west following

Mrs Birgit Breuel, the new president of the Treuband, said at a recent management buy-out fair under Treuhand auspices, that in the event of equal bids the agency would give preference to MBO offers. She also suggested that the Treuhand could take steps to

companies in question. Mr Wolfgang Jadwillat, the director of a state bakery in Waren in the north of east Germany, saw sales plunge after currency union last year. The bakery used to receive 12m Marks a year in subsidies to produce bread which was so sheen that forward of the read cap that farmers often used A few west Germans offered to buy the bakery but the

offers appeared to be vague and the prospective buyers had not raised the finances to back their proposals. Mr Jadwillat wanted the bakery for the ter re-sell at a large profit. Another potential buyer wanted the company to supply bread to a discount food chain which would have meant a radical reduction in bakery staff because the product would have become more standar-

After a harrowing experience with the Treuhand last year, which withdrew its guarantee for a DM600,000 (2202,000) loan to the bakery - the bakery was never certain why - Mr Jadwil-lat engaged a management consultant and decided on a

buy-out with three partners. He was convinced they could cial bakeries by providing fresher products to the local market with the help of new materials. The company owns 12 retail outlets in and around

Each manager provided 25 per cent of the DM2m share capital, with the help of personal loans secured by their homes. They also qualified for a European Recovery Programme loan - derived from the original funds provided to German companies under the post-war Marshall Plan - and the buy-out was concluded last

Mr Charles M. Taylor, an American lawyer attending the MBO fair, said he was surprised, in the light of west Ger-many's key economic role in the European Community, that relatively few US investors (and other non-German investors) were showing interest in east German companies. This appeared short-signied as west Germany was virtually guaran-teeing the success of east Germany's economic transformation, he noted.

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Bérégovoy: preserving stability of French money

Slower growth in **France** forecast

By Ian Davidson in Paris

FRENCH economic growth is unlikely to be higher than 1.5 per cent this year, Mr Pierre Berégovoy, the finance minis-ter, said yesterday.

This is a significant downward revision when compared with the most recent government assumption that growth might reach 2 per cent. That itself was sharply down on the original budget forecast of 2.7 per cent growth in 1991.

At the same time, however, the government reported a sharp improvement in the April trade figures, highlighted by a first-ever surplus in trade

with Germany.

Mr Bérégovoy revealed his lower growth forecasts in testimony to the senate in which he confirmed his determination to stick to the achievements of

stick to the achievements of the government's policy of eco-nomic discipline:
He said he inhanded to "guar-antee to the French that the stability of their money would be preserved", and added that he intended to "consolidate, in all circumstances, our eco-nomic achievements". Mr Bere-govoy specified that he hoped to bring the inflation rate helow 3 per cent this year.

below 3 per cent this year. Earlier, he told a radio interviewer that it was his duty to "do everything to get the economy going", since unamployment would increase if growth did not start again. On the other hand, he expected that growth would resume in the second half of the war.

second half of the year. The April trade deficit dropped to FF12.1bn (2200m), compared with FF14.2bn in March. The deficit in industrial goods remained roughly stable at FF14.6bm, but there was a sharp reduction in the energy weather and the economic

slowdown. For the first four mouths of the year, the trade balance showed a deterioration in the cumulative deficit of FFr15bn

cumulative deficit of FFr15bn in seasonally adjusted terms, compared with a deficit of FFr7bn last year.

The trade balance with the rest of the European Community moved into surplus (FFr1.6bn in April) from an average deficit of FFr2.9bn over the previous 12 months.

This improvement was painty due to a sharp improve

mainly due to a sharp improve-ment in trade with Germany, from a deficit of FFr700m in March to a first-ever surplus of FFr300m in April
France's domestic airline

Air Inter said yesterday it would cut flights by 30 per cent today and tomorrow because of a strike by flight engineers, Reuter reports from Paris. The engineers' two-day stop-

The engineers' two-day stop-page is over guarantees about their future, a spokeswoman said. Air Inter is introducing two-crew cockpits and the flight engineers fear they will be phased out. The company earlier staved off a strike by pilots after reaching a settle-ment on waters.

Brussels urges EC strategic oil reserves

By Andrew Hill in Brussels

THE European Community should consider building up strategic oil stocks to help ensure price stability and secu-

ensure price stability and security of supply at times of crisis, Mr Antonio Cardoso e Cunha, the EC energy commissioner, said yesterday.

Such stocks should be "similar in size to the strategic petroleum reserve in the US", which stood at 586m barrels at the beginning of this year, and was drawn on during the Gulf crisis.

was drawn on during the Gulf crisis.

"The management of these strategic oil stocks shall be coordinated at Community level and decisions whether to draw from them or add to them taken in close co-ordination with the leating industrialised countries," said Mr Cardoso e Cunha.

The commissioner's com-

The commissioner's comments, in a speech to the Brus-sels-based Centre for European Policy Studies, are likely to increase the controversy about the Commission's attempts to widen its control over EC energy policy during a crisis.

Some member states are already worried about directives proposed last October

which would give the Commis sion the right to instruct mem-ber states to sell stocks and cut demand as part of the short-term response to an oil

Mr Cardoso e Canha said yesterday that the Community needed "a quicker and more efficient system" of responding to a crisis, consistent with the existing mechanisms of the International Energy Agency. But he added: "We must all be careful to avoid any intention of greating on a superpulsion." of creating an over-centralised, bureaucratic system." The Community should also

pursue plans to develop new oil fields, he said, particularly in the Soviet Union. Mr Car-doso e Cunha visited the Soviet Union earlier this month to discuss the European Energy Charter, aimed at helping the country tap its energy

He said yesterday he agreed with the Soviet authorities' desire to consult the country's individual republics about the EC initiative. "It is essential, in my view, that the republics should be actively involved in the charter," he said.

Micosia these days as Greek Cypriot house-wives stay up to switch on the washing machine in the early morning hours. The worst drought in half a century

means that mains water is strictly rationed. In most districts it flows only three times week, invariably at night.
"One night I do the laundry, the next I clean the floors and the third I water the garden. the third I water the garden.
You get used to going to bed at
4 am," says Mrs Stella Ioannou.
"But the pressure is so low
we can't always fill the tank on
the roof for the other days."
Water shortages are by no
means unusual on Cyprus,
which relies for its supplies on
melting snow from the Troodos

melting snow from the Troodos mountains and winter rains in low-lying areas. Boreholes are used sparingly to protect ground water levels. ground water levels.

The last severe drought was 20 years ago, but its effects were less devastating because demand was much lower then.

In the Greek Cypriot south of the divided island, increased irrigation of farmiand together with four propoleties delivered.

with a population shift from villages to towns, where people quickly grow accustomed to hosing down cars and balco-nies and acquire water-hungry household appliances, is held responsible for a steady rise in

IGHTS burn late in which can double the island's population in the hottest months, is also blamed, both for using up reserves and encouraging Cypriots to adopt "wasteful north European hab-its like taking two showers a

day," as a shopkeeper in the Ayla Napa resort put it. Despite domestic rationing, curbs on irrigation of summer crops and extensive drilling of new boreholes, southern Cyprus will run out of water at the end of December, according to the Water Development lopment Department.

"Even though we do our best to catch every drop of precipi-tation, the reservoirs will run dry by the start of 1992. But I don't see it as a disaster. It's more of a challenge," says Mr Constantine Lytras, head of

the department.

After a fairly dry winter in
1989, rainfall last winter fell 50
per cent below normal levels,
but most moisture disappeared ough evaporation and virtually no water reached the reservoirs. Less than 24m cubic metres of water is left in the island's five main reservoirs, island's five main reservoirs, down from 118m two years ago. The short-term solution is to import water by tanker from the southern Greek island of Crete, Mr Lytras says. Supplies can be guaranteed from a pipeline that carries water from beneath the White Mountains to insure in western Create.

to towns in western Crete.

The irony is that Cyprus has an enviable record of water husbandry, as a result of several ambitious irrigation and dam-building projects launched more than 20 years ago under the

auspices of the UN Food and Agriculture Organisation.

Washing night blues as dams run dry

Kerin Hope on how Cypriots are coping with the most severe drought in 20 years

The Greek government has agreed to provide at least half the overall Cypriot daily requirement of 65,000 cubic metres from September onwards. The Cretan pipeline has an outlet close to Souda Bay, the region's main port, and there is no shortage of Greek-owned tankers available for charter.

"The bigger the ship, the cheaper the cost for the 30-hour voyage from Crete. But a large tanker is too big to dock at a Cypriot port," Mr Lytras

says.

The department is planning to install a seabed pipeline from an offshore mooring facility to a pumping station close to Limassol port. At the same time, construc-

European Diary

Cyprus

tion of a desalination plant for the south of the island, post-poned for years because of the high costs involved, will have to be speeded up, Mr Lytras

says.
The drought is also causing problems in the Turkish Cypriot north of the island, where natural springs in the Kyrenia mountain range have dried up because of extensive borehole drilling. Mr Ranf Denktash, the Turk-

ish Cypriot leader, wants to revive an old idea of laying a seabed pipeline to bring water from southern Turkey, only 40 miles away.

However, Greek Cypriot officials say that the plan is unworkable because the channel between Cyprus and

Turkey is too deep.

The irony is that Cyprus has an enviable record of water husbandry, as a result of ambitious irrigation and dam-build-ing projects launched more than 20 years ago under the auspices of the UN Food and Agriculture Organisation. An irrigation project for

Paphos in the southwest covers 5,000 hectares of farmland in a fertile coastal plain. A similar project for the Limassol area provides irrigation for

area provides irrigation for another 1,500 hectares as well as supplying hotels and local industry.

The Kouris dam and reservoir, the largest on the island with a capacity of 115m cubic metres, was completed two years ago. It was intended to meet Nicosia's domestic water for almost two decades But for almost two decades. But rainfall started to decline before it had filled up.

Statistical evidence suggests that Cyprus may face a third dry winter, quite apart from the effects of possible long-term climatic changes, according to Mr Loizos Had-jioannou of the Meteorological

Office.
"We talk about the greenhouse effect contributing to a drifting of climatic zones, with disturbances of precipitation in different areas. But nothing is definite yet," he says. Histori-cally, Cyprus has always been subject to drought."

Bonn says Polish pact to go ahead

GERMANY said yesterday that a treaty to improve troubled relations with Poland would be signed on June 17 as planned despite objections by German right-wingers, Reuter reports from Bonn.

The government spokesman, Mr Dieter Vogel, said this had been agreed by the three par-ties in Chancellor Helmut Kohl's centre-right coalition, including the right-wing Chris-tian Social Union (CSU).

The Bavarian CSU, small sister party to Mr Kohl's Christian Democrats, had demanded that the treaty be renegotiated to include extra rights for the German minority in Poland. Their specific demands including the right to educa-tion in German and for bilin-gual street signs in areas where ethnic Germans live now look likely to be sired in a special resolution which, Mr Vogel said, the coalition par-ties would put to parliament when it voted on the treaty.

Unemployment blow for Denmark

An mexpected rise in unem-ployment has knocked the Danish budget off course, writes Hilary Barnes in Copen-hagen. The Finance Ministry now expects the deficit to rise this year to DKr35.6bn (£3.14bn), or about 4.2 per cent of gross domestic product, compared with DKr23.2bn in 1990. In January the ministry predicted a delicit for 1991 of

DKr29.4bn. January to average 270,000, or about 9 per cent, is now expected to be about 285,000, or 10 per cent. Both government and private economists expect a recovery in domestic de

Greece to extradite Palestinian to Italy

A Greek court yesterday approved the extradition of Palestinian guerrilla Abdultrahim Khaled, wanted in Italy over the high-king of the cruise Reuter reports from Athens.

EC takes cautious line on Yugoslavia

THE SQUABBLING republics of Yugoslavia can hope for closer relations with the European Community soon only if they stay together and progress towards a collective democracy EC leaders will tell their Yugoslav counterparts

this week.
Mr Jacques Delors, Commission president, and Mr Jacques Santer, prime minister of Luxembourg which holds the EC presidency, today here presidency, today begin a delayed two-day trip to Bel-

The EC leaders postponed a trip earlier this month because they felt it might coincide with a takeover by the Yugoslav army, seeking to quell violence surrounding the impasse over the transfer of power within Yugoslavia's federal presidency. That impasse still exists, but in an apparently

calmer atmosphere.
The two EC leaders will see members of the federal presidency, as well as prime minister Ante Markovic and leaders of the country's six republics. Belgrade government

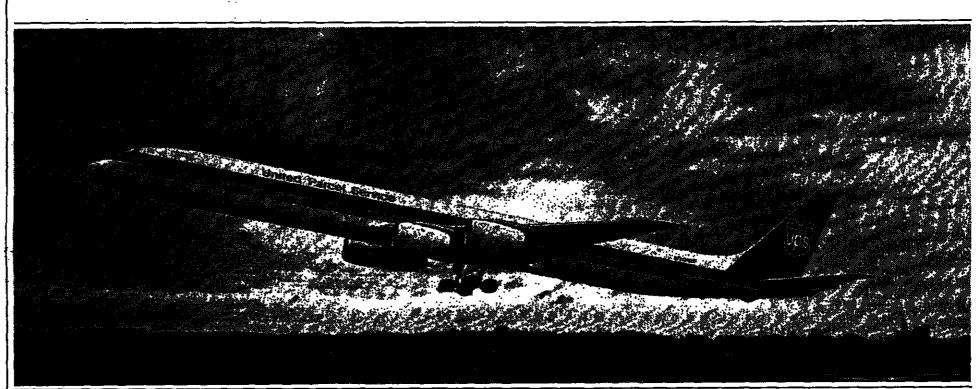
underlined its eager expecta-tion that EC mediation might somehow help settle Yugo-slavia's political deadlock by sending its foreign minister, Mr Budimir Loncar, on a light-ning visit to Brussels on Mon-

day to prepare the EC visit.

This expectation is not shared by Mr Delors, but be and the Luxembourg presi-dency have come under pressure to offer their "good offices" from several EC governments, not least the UK, which has suggested eventually taking the Yugoslav problem before the Conference on Security and Co-operation in

Europe (CSCE). Brussels' leverage consists of insisting that, while Yugo-slavia will continue to get EC aid - comprised mainly of a new Ecu807m (\$555m) loan package over the next five years - it cannot hope to join other east European countries in reaching a free trade agreement, envisaging eventual EC membership, unless it ends its regional quarrels and holds

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INTERNATIONAL NEWS

HK's price of success is high

John Elliott looks behind the inflation choking the colony's economy

Hang Seng Index

1991

two weeks ago and then last

Friday launched a series of counter-inflationary measures

with an unexpected and con-

troversial 1 per cent rise in interest rates. This was

intended to apply a psychologi-cal restraining shock to a spi-

ralling housing market and to high wage demands.

further measures at a hostile meeting of the Legislative

Council which is flexing its muscles before its first direct

government knows that the consensus system, which has controlled the council's meet-ings in the past, is end-ing — and it is tending to over-

The government also wants

to boost confidence at a time

when the colony is being hit by uncertainty over its HK\$100bn

(£7.4bn) airport project, which is blocked by China, and over

Today Sir Piers will unveil

3,900

3.800

OR ONCE Hong Kong is plagued by a problem which stems primarily from its outstanding economic success - unlike most of its current crises which are assoclated with its return to Chinese sovereignty in

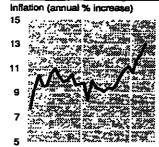
But the problem - an inflation rate of nearly 14 per cent is still linked with China and many experts believe it is unsolvable in the short term at least partly because of these

Since the mid-1980s, Hong Kong's manufacturing industry has moved into the low-wage areas of Guangiong province in southern China to employ 2m-3m people. This has left the colony to

develop as a service industry centre for Guangdong. The consequential structural adjustment has been painless in industrial and social terms. but it has pushed wages and prices up rapidly in Hong Kong because there have been sharply increasing demands for services from a limited total labour force of only 2.77m. This, most economists believe, is the basic cause of the high inflation.

"Inflation in Hong Kong is largely domestically generated by the rapid structural changes," says Mr Alan McLean, chief economist of the Hongkong Bank, "It primarily affects internal pricing and has not had much impact on export prices which have been going

Hong Kong



1990 1991

ioned by Guangdong's low nanufacturing costs."

Economists suggest that this will have to tolerate core infla-tion of 8 to 11 per cent while the structural changes con-tinue and while Hong Kong's services continue to be stretched by the demands of southern China.

That would probably be politically acceptable. But Sir Piers Jacobs, financial secretary, pushed the level up too far in his Budget in March which fuelled inflation by boosting indirect taxes. His biggest and treally unaspected. biggest, and totally unexpected measure was a 200 per cent increase in tobacco tax, introduced "for health reasons", which is estimated to have contributed 2 percentage points to an annual inflation rate of 13.9

per cent last month. Sir Piers was forced to halve

The sensitivity to bad news was shown when the local stock market plummeted by 3.5 per cent on Monday in reaction to the interest rate rise. This brought the total fall over five trading days to 8.7 per cent, with the local Hang Seng Index dropping from 3,917.09 to 3,575.52, initially because of airport and MFN worries. Yesterday it improved marginally to 3,594.78 after President George Bush backed MFN without conditions.

Sir Piers can however only make limited progress in eco-nomic terms because the Hong Kong dollar has been pegged to the US dollar at a rate of 7.8 to one since 1983 to stabilise the currency.

The problem of the inflation is basically structural, not monetary, because the peg ties the price of tradable goods to US levels. But it does not tie down consumer prices and domestic inflation at a time when people are moving in a tight labour market into higher value-added service activities and when living standards are rising rapidly," says Mr John Greenwood, chairman of G.T. Management Asia, and the original proponent of the dollar

peg system.

The peg is frequently attacked as inflationary when it forces Hong Kong to follow US prices upwards. Now it will be criticised for hindering the government's ability to tackle the present inflation problems.

through in inter-Korean rela-

tions. In particular, Pyong-yang, which has suspended

direct high-level contacts with Seoul, will be angered that it



The airline's founder, Mr Niki Lauda, talking to reporters prior to touring the site where the Boeing 767 came down

Bomb theory persists in Thai crash

THAI officials yesterday refused to discount speculation that a bomb may have caused the loss of a Lauda Air Boeing 767 over Thailand on Sunday night, reports Paul Abrahams.

However, Mr Niki Lauda, the atrime's founder, refused to comment about the possibility of a bomb, although he admitpossibility of a bomb, although he admit-ted that the largest pieces found at the site of the crash were smaller than those discovered at Lockerbie, the Scottish town over which a bomb destroyed a Pan Am 747 in 1988. Mr Landa discounted a sug-

gestion by the That anthorities that bad weather could have contributed to the crash. "There was no storm," he explained. "Rain, yes. But rain doesn't cause an aircraft to crash." He added that the aircraft had reported no abnormalities before the accident.

Mr David Learmount, the air transport editor at Flight International, said yester-day that sabotage was looking increasingly likely as a cause for the accident.
"It fits the hill in all respects," he said.
He pointed out that the crew had not had

time to issue a mayday warning and that the atreraft had broken up when cruising at \$1,900 ft. According to Boeing, the atr-craft's manufacturer, only 5.2 per cent of accidents involving commercial jets – but excluding sabotage – occur when the air-craft is cruising.

"The disaster will have a direct effect on passenger demand on Far East air-lines," said Mr Learmount. Pan Am estimates it lost \$250m after Lockerbie. Mr Lauda owns 51 per cent of Lauda Air and 49 per cent is owned by Itas Austria.

Pakistan's GDP set to expand by 5.6%

By Farhan Bokharl in Islamabad

PAKISTAN'S gross domestic product is projected to grow by a better than expected 5.6 per cent in the current fiscal year to June, up from 4.6 per cent the previous year.

In a 400-page annual economic survey published yester-day ahead of tomorrow's budget, the government said the main reason was an increase in agricultural production of 5.1 per cent, up from 2.7 per cent a year earlier. Higher crop yields in wheat and cotton played an important part.

The government said exports grew 22 per cent while imports rose 10 per cent. But the bal-ance of payments was hit by higher off prices and lost remittances from overseas Middle Eastern workers due to the Gulf crisis. The crisis is believed to have cost Pakistan's economy around \$700m. The current account deficit for the year is expected to stand at \$1.85bn against an earlier esti-mate of \$1.33bn.

expenditure and raise new revenues are expected to be announced in tomorrow's bud-Other measures expected are

Measures to cut government

an overhaul of the country's taxation system and a possible announcement on privatisa-

• Pakistan has approved the setting up of the country's first private sector airline. The carrier, which will operate primarily on domestic routes, is being established by the Aga Khan Fund for Economic Develop-

Rao expected to be Congress president

By David Housego in New Delhi

THE ASHES of Rajiv Gandhi which has been increasing its were yesterday scattered on the waters of the Ganges and Yamuna rivers at Allahabad in a family ceremony that marked the end of the funeral services for the late Congress party

Senior congress officials watched from a motor boat at the juncture of the two rivers a site sacred to Hindus – before returning to Delhi and the resumption of the election

campaign.
Barring last minute accidents, Mr PV Narasimha Rao, 70, a former cabinet minister under several administrations and widely regarded as second in command of the party under Mr Gandhi, will be elected

influence in parliament.

Mr Rao had initially been reluctant to take the post because his health has been poor as a result of a recent open-heart surgery. Leaders of the party are insisting that the post of president should in future be separated from that of prime minister to prevent the concentration of power that occurred under the Gandhi family.

In advance of today's choice of a Congress president, the party has established the battle lines of its campaign. These will focus on capitalising on the sympathy vote and on blaming the Hindu revivalist Mr Gandhi, will be elected BJP for "destabilising" the today as Congress president. country by encouraging reli-Mr Rao is from the south gions fanaticism and violence.

N Korea forced to join the real world

By John Ridding in Seoul

THE announcement by North Korea that it will submit an application to join the United Nations is the clearest signal to date that the ending of the cold war and increasing diplomatic isolation are dragging the world's most closed society into the real world.

The implications are all positive. Membership of the UN for the two Koreas will help ease tensions on the heavily militarised Korean peninsula, improve the prospects for even-tual reunification and reduce the threat of terrorist incidents such as the downing of a South

Korean airliner in 1987. But Pyongyang's move was not a voluntary step. North Korea has ardently opposed Seoul's formula of separate UN mem-bership and yesterday's about-face undermines its reunification policy of "One

Its reluctance to shift its position is clear from the word-ing of the terse foreign minis-Korean authorities insist on their unilateral UN member-ship, important issues related to the interests of the entire Korean nation would be dealt

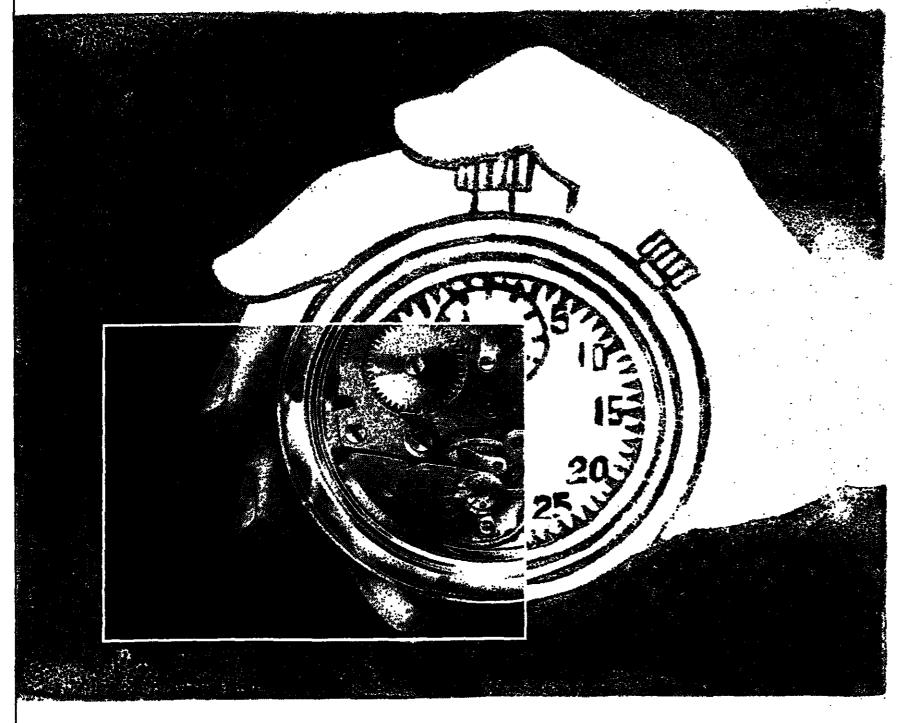
with in a blased manner at the UN rostrum. We can never let it go that way." But the real reason for the

change lies in the breakdown of cold war alliances and the diplomatic isolation of Pyongyang. In particular China, its staunchest ally but which is improving relations with Seoul and trying to repair its own international image, indicated to Pyongyang that it is no longer prepared to veto Seoul's application to join the UN.

The reversal of North Korea's policy is unlikely to

had to make such a concession. "This is a form of opening up which does not cost them any-thing in internal terms," said one western diplomat. It doesn't open their borders and it doesn't alter the totalitarian political system. The change in Pyongyang's line also reflects mounting pressures on Presi-dent Kim Ii Sung's regime due to diplomatic isolation and a stagnating economy. herald any imminent break-

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yesterday swept into the embattled Ethiopian capital, Addis Ababa, is a shadowy rebel coalition monided by years of guerrilla fighting away from the influence of the outside world.

Until recently little was known about the organisation or its leader, Mr Meless Zenawi, 36, a former medical student who was educated at the British School in Addis Ababa. Now Mr Zenawi and his colleagues are about to take hai cras power and form a government after 17 years fighting in the cold and inaccessible Ethiopian

highlands. It is a formidable task for a movement whose leader recently admitted candidly: "The military momentum is way ahead of the political

way ahead momentum.
So far, ho appeared to themselves restraint have "lib" So far, however, the rebels appeared to have conducted themselves with discipline and restraint in the areas they have "liberated". There have been no reports of a breakdown in law and order, nor of
revenge killings which many
feared. People who have travelled with the EPRDF fighters
say they are dedicated and
self-denying.
The EPRDF coalition, formed
in 1889, is dominated by the

The EPROF Command by the in 1989, is dominated by the Tigray People's Liberation the military force of the Marx-ist Leninist League of Tigray (MLLT). Mr Zenawi is general

THE Ethiopian People's secretary of the three bodies. Revolutionary Democratic The TPLF, which grew out of a popular revolt in Tigray provesterday swept into the autonomy or independence for its region, adopted Marxism Leninism as its ideology Leninism as its ideology and Stallnism as its mode of centralised organisation.

Until recently it professed a rigid vision of socialism mod-elled on the Albanian style. This, however, did not win it support from the former es bloc which, during the cold war, continued to shore up the regime of President Mengistu Haile Mariam. The TPLF taught itself self-reliance, capturing Soviet weapons and tanks from government forces, and learning to manufacture basic commodities and cater for the young and sick in underground or camouflaged schools and hospitals.

Two years ago the TPLF set about broadening its ethnic base beyond Tigray and set up the EPRDF which brought other ethnic groups including Oromos and Ambaras into the organisation. The process of political revision of its stance continued with its first national congress last January. The political programme which emerged from that meeting appeared to jettison some of the most rigid tenets of Marxism-Leninism in favour of a broad commitment to basic democratic rights and a pluralist political system.
The EPRDF stresses the

need for the full, all-round democratic participation of the

A rebel jumping from a tank in Addis Ababa, near the presidential palace, which was set alight during the fighting

system based on ... a multipolicy," the revised programme stated.

However, in building a "revolutionary democratic political political parties and organisations" the EPRDF also amnounced that "the rights of the remnants of the auti-demo-

cratic feudal class and the fas-cist Derg need to be curtailed". The revised programme also calls for a "revolutionary dem-

sectors which play a decisive role in the economy, worker participation in running public

trade and continued nationalisation of land.

The EPRDF is also commit ted to the right of self-determi-nation for the country's disparate nationalities. Whether these policies will form the basis of Mr Zenawi's leadership remains questionable. Moving from opposition to government and from theory to practice is always difficult, but especially so in a country as battered as Ethiopia. The US, however, which has given the EPRDF its seal of approval, will want to ensure that Ethiopia proceeds

along a democratic path. Mr Herman Cohen, US assis tant secretary of state for Africa, felt it necessary yesterday to warn both the EPRDF and the Eritrean People's Liberation Front (EPLF), who are now in control of Eritrea, that the US would not approve of

We believe that Marxism does not dominate either organisation as an ideology but we have given both of them notice that US co-operation depends on a democratic sys-

m," he said in London. US officials who have been negotiating with Mr Zenawi describe him as impressive, realistic and honourable. Whether these qualities filter down through the rest of his organisation remains in do But they are the qualities which will be essential if Mr Zenawi is going to win broad support for his government

Syria and PLO edge closer to new links

By Tony Walker in Cairo

SYRIA and the Palestine Liberation Organisation mainstream yesterday edged towards closer co-ordination, after two days of talks in Damascus. But there was no pamascus. But there was no sign that Mr Yassir Arafat, the PIO leader, would yet be wel-come in the Syrian capital Reconciliation between the

PLO and Syria after a long estrangement took a step for-ward when President Hafez al-Assad received Mr Farouk Kad-doumi, head of the PLO's political department or "foreign

Mr Kaddoumi, a former Ba'athist, has tended to be much closer to the Ba'ath Party leadership in Damascus than his PLO colleagues. He last visited the Syrian capital in 1988 for the funeral of the late Khalil al-Wazir, the assassinated PLO military com-

PLO and Syrian officials focused on finding common ground on Middle East peace efforts. Both Syria and the PLO are concerned the US may seek to push ahead without involv-

ing them.

The PLO supports Syria's demand that the UN play a "significant" role in any proposed regional conference. It is also calling for EC involvement

in peace efforts.

Israel has rejected UN participation and has expressed lack panon and has expressed sack of enthusiasm for European involvement. The Israelis have said they will never deal with the PLO which they brand a "terrorist gang".

The question of Palestinian representation at any proposed

conference is certain to have figured prominently in Mr Kad-doumi's discussions in Damascus. The US has floated the idea of a joint Jordanian-Pales-tinian delegation to overcome the Israeli veto on the PLO.

Syria, at various times, has suggested an Arab delegation representing all Arab interests. This has not been received with much enthusiasm in the region. Mr Assad has pursued a long feud against Mr Arafat. In 1983, Syria backed a failed mutiny against Mr Arafat's control of the PLO. Reconcilia-

Independence within reach at last for rebellious Eritrea

president

AFTER three decades of rebellion against the Addis Ababa government, Ethiopia's northern province of Eritrea has independence within

Instead of being a contentious issue at yesterday's peace talks in London, participants - in advance of their arrival - had agreed to the demand by the Eritrean Peoples' Liberation Front (EPLF) for a referendum in which the province's elector-ate will be able to choose independence as one of their options. Historically, both Britain and the

US have opposed independence for Eritrea. But two developments spurred Washington's shift to tacit acceptance of the right of self-deterThe recent capture of Asmara, the provincial capital, and the Red Sea port of Massawa left the EPLF as the de facto government of Eritrea. A speedy agreement in London was thought essential if the situation in Addis Ababa was not to degenerate into the sort of carnage witnessed in the Somali capital Mogadishn earlier this year, and Liberia last year.

In return, the EPLF - which advocates multi-narty demogracy and a

cates multi-party democracy and a mixed economy - is willing to delay a referendum mutil after a transitional government is in place, perhaps for 18 months. Says Mr Issaias Afwerki, secretary general of the Front: "If a postponement is found to be neces-sary and acceptable the EPLF shall do that without hesitation."

Any new government in Addis Ababa must hope the introduction of democracy will convince Rritreans unity is the best way forward. Addis Ababa is likely at least to be uneasy at the prospect of losing control of the Red Sea ports, Ethiopia's only direct provide the constraints. direct route to the sea - notwith-standing an EPLF promise not to

impede access.

The Front argues its right to inde-The Front argues its right to independence follows the same principles which guided other nations in post-colonial Africa. A UN resolution of 1950 federating Eritrea with Ethiopia, say EPLF officials, implicitly recognised Eritrea's separate identity and territorial integrity when it recommended Eritrea should become an autonomous unit "with its own legislative, executive and judicial

powers in domestic affairs."

Modern Britrea began with Italian
colonisation in 1898. The Britreans
helped the British defeat them during the Second World war. It was controlled by a British military administration between 1941 and 1949, and administered by the UK Foreign Office until 1952.

The four victorious post war now ers failed to agree on the province's future, and established a UN con-mission in 1950 to consider the "wishes and welfare for Eritrea and Ethiopia's legitimate need for access to the sea".

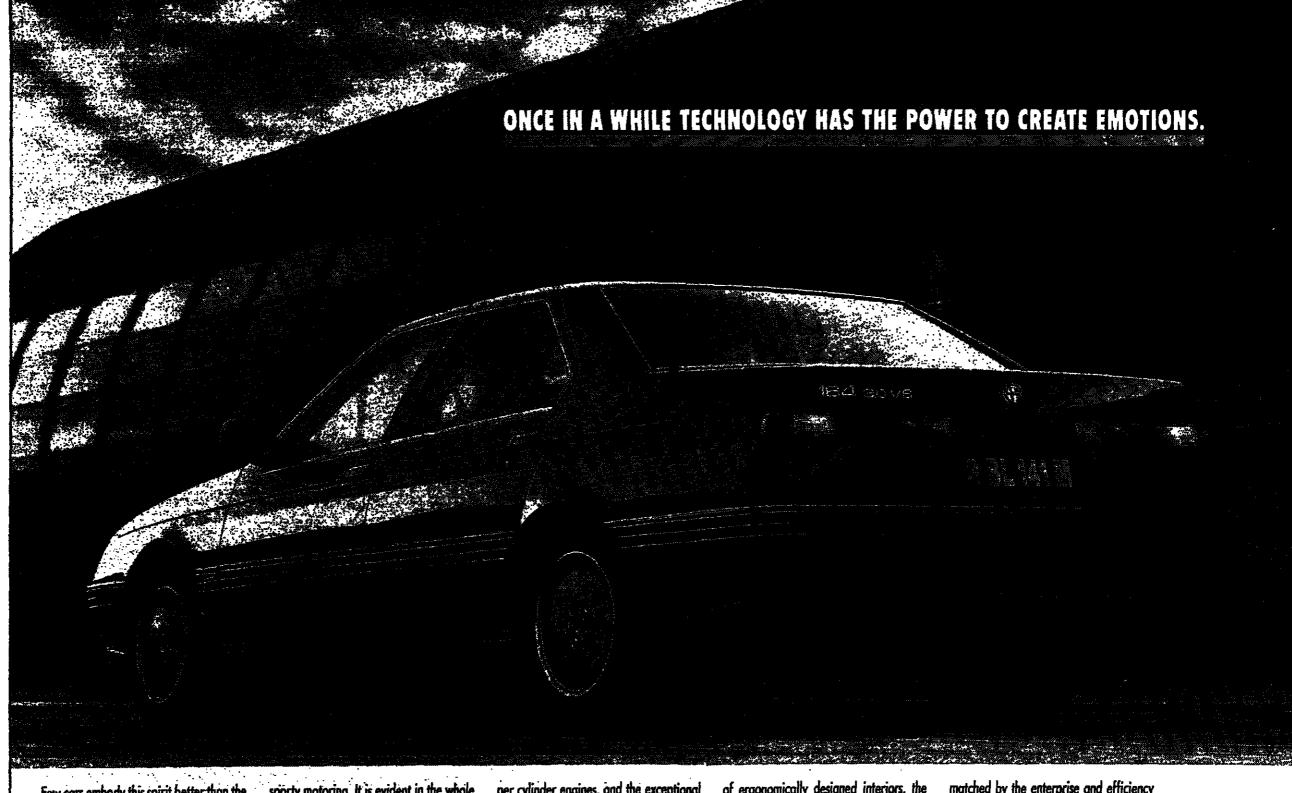
The commission's findings advoca-ting federation with Ethiopia, were controversial, with critics charging

public opinion had been misrepre-sented or unfairly influenced. Shortly after the federation agreement, Ethiopia began to violate and undermine it, says the EPLF. Politi-cal parties and trade unions were banned and Ethiopia expropriated the Kritrean share of customs and excise duty. Some industries were closed and moved to Addis Ababa. In 1956 Tigrinya and Arabic, the official languages under the new constitution, were banned and Amharic imposed. Full annexation came in 1962 after elections for the third Kritzean parliament the previous year had been fixed by Addis. They were held under strict Ethio-plan control and without the inde-

lated by the Ertirean constitution Parliament finally accepted the dis-solution of the federal arrangement and annexation of Eritrea amid reports of bribery, arrests and intim-Successive governments in Addis Ababa have maintained that Exitres

has been part of the kingdom for 3,000 years. Precedents have been cited which date back to the Queen of Sheba, whose liaison with King Solomon allegedly founded the dynasty of the Lion of Judah in Ethiopia, its modern representative was Haile Selassie, overthrown in

The argument now seems to have been settled on the battlefield rather



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sporty motoring. It is evident in the whole range of engines: from the brilliant elasticity of the opposed cylinders of the Boxer to the classic architecture of the V6; from the pre-eminent technology of the Twin Spark to the continual evolution of the 4-valves

per cylinder engines, and the exceptional virtues of four-wheel drive. Equally, it shows itself in the performance of the versatile and compact Alfa 33, the ultra-powerful 75, the sporty Spider and, of course, the prestigious 164. Add the superior comfort

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Mexico's industrial groups are optimistic on free trade with US, writes Damian Fraser

EXICO'S leading industrial companies have survived a turbulent decade. Ten years ago their debts were so large they faced financial collapse. Five these companies to compete with their most efficient counterparts in the US, leading, years ago they were squeezed by prolonged domestic recession, price controls, soaring inflation and the dismantling of Mexico's trade barriers. Now, having barely recovered, they face a new challenge: free trade with the US.

Those with the most to lose and gain - from a US-Mexican free trade agreement (FTA) are a handful of industrial conglomerates in the northern city of Monterrey, the business cap-ital of Mexico. Together the 10 biggest Monterrey groups achieved sales last year of \$10bn (5 per cent of Mexico's gross national product), profits of more than \$650m, and they employed more than 180,000

people.
The five biggest - Alfa, Visa, Vitro and Cydsa - owned by various branches of the Garza Sada family, and Cemex, owned by the Zam-brano family, dominate Mexico's steel, cement, petro-chemicals, consumer goods. packaging and glass industries.

These groups have always earned, and continue to earn, above-average returns by exploiting their enormous marterparts in the US, leading, some fear, to a substantial reduction in their profit mar-

That at least is the gloomy

view. But almost no-one in

Monterrey subscribes to it. The five big conglomerates are all strong supporters of the FTA.

Mr Ernesto Martens, head of Vitro, now Mexico's largest industrial group, reckons that "free trade with the US will make a significant change to our business - for the good". Cydsa, which as a producer of petrochemicals looks one of the most vulnerable to compe-tition, says that even if there was an FTA tomorrow his company could easily cope. Visa, Mexico's largest consumer goods producer, Alfa, and Cemex all expect to gain from

Mexico's heaviest concentration of private business is so confident in part because it reckons it has already adjusted to Mexico's relatively open-door trade policy, initiated after the country joined the General Agreement on Tariffs and Trade in 1985.

In the past five years the conglomerates have narrowed no more than a handful of core

holdings. They have successfully restructured their finances and all are embarking on ambitious new investment programmes - the top 10 con-glomerates intend to invest \$1.3bn in 1991, a substantial part of which is being financed for the first time in a nanced, for the first time in a decade, in the international

capital markets. Nowhere is the mood of opti-mism better captured than in Cemex and Vitro, the two most successful of the Monterrey-

The five big conglomerates expect to benefit from free access to the US market

based companies. Both are gearing up to an FTA by targeting the US market are com-mitted to new investments and modernising of existing plants, and are sticking to their core holdings, cement and containers respectively.

Both are expected to increase exports to the US when and if, there is an FTA between Mexico and the US. Thus, for example, a recent US International Trade Commission report argued that thanks to their lower costs and the current stiff US non-tariff barriers against exports, Mexican cement producers in Mexico would be one of the big win-ners from an FTA. (Cemex is now appealing against the suc-cessful anti-dumping suit brought against it last August, which caused its exports to fall

by a third last year.)
Similarly Vitro faces an assortment of tariffs on its USbound exports, including 37 per cent tariff on tableware exports, and the threat of los-ing preferential (duty-free) status if penetration of some mar-kets exceeds pre-set limits. Mr Martens says: "If an FTA does go through we can dedicate our time to marketing, selling and distributing,

whereas today we give time to legal encounters".

Like Cemex, the company's plans to expand in the US are boosted by its virtual monop-

oly of its domestic market and the resulting cash flow. The optimism in Monterrey is not simply, or even largely, grounded in the FTA. All five conglomerates stand to lose or gain much more from changes demand than from greater access to or competition from the US market.
And Mexico's economy, if

not booming, is picking up. Last year GNP grew by 3.9 per cent, the fastest growth since 1981; this year it may beat that.

sales at Alfa and Cydsa, the two shakiest conglomerates, grew by 8 per cent last year compared with 1989, and at

Cemex by 9 per cent.
Profits have increased more slowly than sales, and, in real terms, actually fell in the first quarter of this year at Cydsa, Alfa and Vitro compared with the first quarter of 1990, thanks

mainly to government price controls, and the real appreciation of the peso.

But already some price controls - on beer, soft drinks and cement in particular - have been lifted; as a result first-quarter profits at Cemen were in 213 per cent in real terms. up 213 per cent in real terms compared with the first quarter of 1990, and at Visa by 79
per cent. Most people in Monterrey expect remaining price
controls to be lifted when and
if an FTA is signed.

But the biggest reason an FTA would not substantially harm the Mexican conglomes ates is that it would remain difficult for foreigners to make substantial inroads in their domestic markets. By investing heavily in their core sectors, maintaining control of the country's distribution channels, and moving downstream in production, the Monterrey groups have ensured that they will be able to take advantage of market power and, occasionally, superior productivity, for

some time to come.

on US to cut steel exports

HARD-PRESSED Canadian steelmakers are asking their US rivals and Ottawa for relief from a surge in imports, espe-cially from south of the bor-der, Bernard Simon writes der, Bernard from Toronto.

from Toronto.

Mr Paul Phoenix, chief executive of Dofasco, Canada's biggest steelmaker, claimed foreign suppliers took a 30 per cent share of the domestic market in January, with imports from the US making up 20 per cent of the total. US imports treatitionally account. imports traditionally acco for about 6 per cent of the

The Canadian industry is The Canadian industry is seeking an informal restraint pact with US producers. It has asked the Canadian government to speed talks on new bilateral anti-dumping and subsidy rules under the 1989 US-Canada free trada agreement.

Canada has been hurt by the strong Canadian dollar, cur-rently trading at about 87 US cents. Mr Phoenix said many US mills are fighting for mar-ket share on both sides of the

Statistics Canada figures show domestic steel output fell to 249,900 townes in the week to May 18, 4.1 per cent lower than the previous week and 15.6 per cent down on a year ago. Output for the year to date is 7.5 per cent below 1990.

Canada calls | Land Rover plan to set up in Brazil strikes patents snag

By Christine Lamb in Rio de Janeiro

PLANS by Land Rover, the UK maker of four-wheel-drive kel-sure/utility vehicles, to set up a "sizeable" operation in Brazil are in jeopardy because a Rio businessman claims he is the legitimate holder of the Land

Rover name in Breatl.
The factory would be Land
Rover's first Latin American operation. The company, which simed to be producing up to 18,000 vehicles a year in Brazil from 1993, would be the first foreign vehicle assembler to set up there for 15 years.

Despite Brazil's need for for-eign investment, which in recent years has been leaving rather than entering the coun-try, its much criticised intellectual property legislation has brought it near losing the Land Rover deal to a site elsewhere in the continent.

Mr Hilton Perreira II, a bustnessman, had the Land Rover and Range Rover trademarks cancelled by the Brazilian patent office (INPI) in February and applied for them himself. He registered the company, Land Rover do Brazil, in November and carries a busi-November and carries a busi-ness card declaring himself chief executive.

Mr Perreira has not yet been granted the trademark and name, but INPI says the real Land Rover would have to use a different corporate name and logo and change the vehicle es if it did set up in Brezil. Operating from a showroom in Copacabana with another in

Sao Paulo, Mr Perreira claims

to have already sold 67 vehicles since March, with 146 more orders on his books.

He says he has no problem obtaining the vehicles which he buys through France and Belgium and has taken out newspaper advertisments proclaiming himself to be the only real Land Rover dealer.

Mr Parreira seems to have

Mr Petreira seems to have law partly on his side. Under current Brazilian patent rules, a company can lose the right to use its trademark if it does not use it commercially within Brazil for two years.

not use it commercially within Brazil for two years.

Land Rover has not brought vehicles into Brazil since closing its factory there in 1958. Mr Richard Moriey, project director, points out: "Until last year Brazil had not allowed imports of vehicles for 30 years. The only way we could have brought them in was illegally."

He is angry at what he describes as "a farcical situation", and says that as the patent has not actually been granted to Mr Perreira, he has

granted to Mr Perreira, he has no right to use it. Land Rover's first court appeal over the INPI decision failed, but Mr Morley hopes to win another appeal after repre-sentations by UK diplomats to the government which claims the government which cisims to be promoting liberalisation and is redrafting patent legisla-

a sales and marketing office in Sao Paulo next month, but has

Japanese companies in Saudi oil link study

By Robert Thomson in Tokyo

have agreed to conduct a feasi-bility study with Saudi Arabia for joint development of large oil refining facilities in the two

countries, they said yesterday.

The proposal is for a refinery in Saudi Arabia with a capacity of 300,000 barrels a day and a Japanese refinery with a 150,000 b/d capacity. Mr Efichi Nakao, Japan's minister of international trade and industry, praised the proposal, which he said could help to stabilise the supply of oil to

Nippon Mining and Arabian Oil, suggested Calter Petroleum of the US might also be involved, as the company has close links with Nippon Oil, which has been leading the

talks with Sandi officials. The Gulf crisis stirred fears in Japan about the security of the country's oil supplies, and side the Gulf, as well as strengthen their ties with Gulf countries. Japan depends on imports for 99.7 per cent of its of those imports are from the Middle East. Trade ministry officials said

the refinery proposal would strengthen ties with the staterun Saudi oli company Aramco, and welcomed the suggestion that Caltex would have a role.

The Japanese government has urged companies to exer-Gulf reconstruction contracts tures in the region

the project would probably allow Saudi Arabia to sell a share of the Japanese product to other north Asian countries, while providing Japan with a stronger domestic refining

Trusthouse Forte expands overseas

TRUSTHOUSE Forte, the UE's biggest hotel chain, is to expand its hotel and catering operations overseas in two deals announced yesterday, David Churchill writes.

THE, soon to be renan Forte, has set up a partnership with two South American hotel companies, Hoteles and Asahoteles, to develop Travel-

odge hotels there. The South American hotels will be more up-market than the UK's budget Travelodge brand. The first to be developed will be the 260-bedroom Hotel Orquidea Real in Bogota, Colombia, to cost £1.4m. Others will be developed as opportunities arise, but the partnership hopes to develop a 40-strong chain. THF's industrial catering

operation Gardner Merchant announced a joint venture to provide contract catering ser-vices in Hong Kong. Gardner ent will have 51 per cen new company formed with soy International Holdngs of Hong Kong and Japan's C. Inch Corporation. The ven-ture is acquiring the M.Y.

Siemens wins Dubai power plant order

A CONSORTIUM led by is, the German electronics and engineering group, has won a DML4bm (£470m) order to build a combined power and water desalination plant for Dubal, AP-DJ reports from

Frankfurt.
Sismens' KWU power plant
engineering division will take
a DM500m share of the work. The consortium also inclu Dutco Balfour Beatty of Dubai and London, Wasgner-Biro of Austria and the Glasgow-based Wier Westgarth. The contract for the turnkey plant project

tricity Co.
The new plant, to be built at an existing industrial complex and known as Jebel Ali "G", either natural gas or light fuel oil. It will produce up to 401MW of electrical energy and convert 278,000 cubic metres of seawater a day into drinking

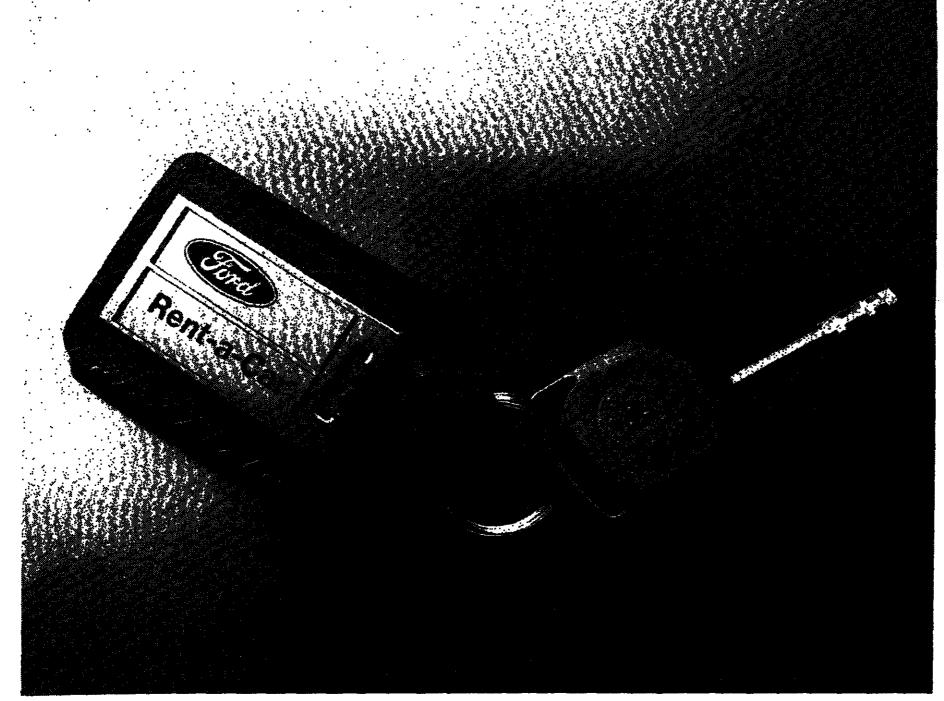
ply the four gas turbine ge as transformers, electrical equipment; instrumentation and control systems. It will



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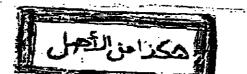
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hese versatile and advanced machines are the end-product of RICOH's sustained commitment to systematic R & D on which the company spends more than 6% (\$360 million) of its net annual sales.

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Those who are aware of the latest developments in Fax technology will not be surprised to learn that RICOH is about to complete the first global Fax network, specially set up for the 1992 Olympics, for which the company is Official Sponsor for Facsimile Systems.

It is wholly appropriate that RICOH should be sponsoring the Fax facilities at the 1992 Olympics, the greatest of all global championships, for RICOH itself is a company whose products are recognised globally for their excellence. And RICOH's global growth will be sustained by its determination to deserve its reputation for

reliability and innovation backed by first-class service, of the kind that has already given it the largest share of the Japanese

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N a bad day in Sao Paulo, Ms Luiza Erun-dina, the city's first

dina, the city's first socialist mayor, may face any one of a number of urban disasters. During March and April this year, severe floods hit the city, isolating entire neighbourhoods and claiming the lives of at least 18 people.

Over the last two months, See People have the people that

Sao Paulo has also been intermittently plagued by bus strikes, leaving millions of labourers in the city with no

way of getting to work. Even

when transportation is func-tioning normally, workers liv-

ing in poverty-stricken shanty towns in the city's outskirts

may face a four-hour commute to work in dangerously over-

crowded buses.

A few weeks ago, frustration over the situation exploded

into riots, with workers attack-

ing 69 city buses. Now that the rainy season is over, Ms Erundina has a new

problem to cope with: the pol-lution which rises to critical levels in Sao Paulo during the

drier winter months.

US consumers still lack | Sao Paulo engulfed in a tide of pollution confidence in economy

US CONSUMER confidence fell in May for the second successive month, throwing doubt on forecasts that the recession will shortly bottom out.

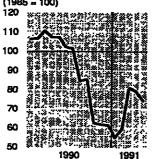
The index fell to 74.2, compared with 79.4 in April and 107.3 a year ago, the Conference Board, a New York-based business analysis group, said yesterday. The decline indi-cates the euphoria following victory in the Gulf war has

The level of confidence, while significantly higher than the low of 55.1 in January, suggests consumers remain nor vous about economic conditions. Mr Fabian Linden, man for the board, said: People's attention is returning to the realities of a soft econ-

omy."

Most forecasters regard a revival in consumer spending
- which accounts for two thirds of gross national product - as an essential prerequisite for a sustained recovery. But the confidence figures suggest buying interest is

weakening. Plans to buy a car, which rose in April, fell this month and remain well below the lev**Conference Board** US Consumer Confidence Index



buy a home over the next six months fell for the second month running, having risen sharply in March. Plans to purchase appliances such as washing machines declined for the fourth successive month.

The proportion of respon-dents saying current business conditions are "bad" rose to 38 per cent from 36 per cent. Concern about unemployment also rose, with 38.6 per cent of respondents saying jobs are

The survey, based on interviews with 5,000 families, also

revealed a continuing discrepancy between confidence in and confidence about the

An index measuring confidence in the "current situation" stands at 45.2, having fallen every month since July, when it registered 116.6. An index measuring consumers' expectations, however, stands at 93.5, compared with 91.6 when the recession began last July and a low of 55.3 in January. A surge in this com-ponent fully accounted for the rise in confidence following the Gulf war.

 The National Association of Realtors reported yesterday a 3.4 per cent increase in sales of existing - as opposed to new - houses in March. This was the third successive monthly increase in sales and another sign that the housing market, while still depressed, may be staging a tentative recovery. The Commerce Departm also revised figures for build-ing permits - a barometer of

Air quality in the centre of the city was considered inade-quate or worse for 55 days over future construction activity to show an increase of 2.4 per the six month period between cent in April, compared to its initial estimate of a 3 per cent May and October last year. Sao Paulo is suffering the consequences of decades of uncontrolled growth. The last 30 years have transformed the city from a sleepy regional cen-tre with a population of less than 4m to the largest city in

South America, with 17m inhahitants. "If we don't take radical measures to deal with Sao Paulo's population explosion,"

Traffic jam Sao Paulo style: more than 8m people head for home daily

said Ms Erundina, "what is now a problem-ridden city will A growth-related rise in pol-lution alone could have nightmarish effects. Some 80 per cent of Sao Paulo's air pollu-tion is produced by motor vehicles. Together, smokebelching trucks, cars and buses produce 450,000 tonnes of pol-

lutants a year, enough to fill a very large football stadium. Dr Jose Carlos Derisio, director of environmental quality at the state pollution agency CETESB fears that the thousands of additional cars on the city's roads

may prove disastrous. "If we don't take action quickly, the air quality in Sao Paulo may drop to life-threatening levels," he said. The root of the city's problems are economic. Sao Paulo is the richest city in South America, contributing about 15 per cent of Brazil's gross

domestic product. Sao Paulo's economic vitality has produced a moneyed business class with consumption habits to rival the world's richest. Despite the wealth of a few, one third of Sao Paulo's inhabitants live below the pov-

from the poor north-eastern states who came to Sao Paulo in search of a better life. But with the city's number of unemployed now topping im, the better life is becoming increasingly elusive.
"I came to Sao Paulo from

found refuge at one of the city's homeless shelters. "My family raised the money

the (north-eastern) state of Para," said a young man who after years on the street has

for my trip. But I could never find a job, because I don't have a Sao Paulo identity card. Everyone expected me to return a rich man. How can I

Victoria Griffith on how the world's fastest growing city tackles its daunting problem go back with nothing but the clothes on my back?" According to Dr Derisio of CETESB, one of the main rea-CETESB, one of the main rea-sons for the heavy floods this year is the soil erosion preva-lent in the city's shum areas.

"The people in the favelas don't understand the impor-tance of planting vegetation," he said. A great amount of soil is continually being washed to the city's rivers, making them extremely shallow. So any heavy rain quickly causes them to overflow."

them to overflow."
"We clean up the streets one day," a sanitation worker com-plained to Ms Erundina during a municipal inspection, "and the next day it's as if we never touched it, the garbage is so thick on the ground."

Poverty is also threatening to create a cholera epidemic of Peruvian proportions in Sac Paulo. Sanity conditions in the city's favelas are precarious at

Sao Paulo's yearly budget is \$3bn. At \$176 per inhabitant, the sum seems adequate at first glance. However, a law prohibiting the dismissal of any government worker guar-antees an outsize public sector and half the budget is absorbed by employees' salaries. Ms Erundina went as far as Europe last year in her search for more funds for the city. She

came back empty-handed. "If this city is to save itself from disaster," said the mayor, "we will have to organise Brazilian society to take responsibility for its own problems. As long as that doesn't happen, I see no solution, either for Sao Paulo or for Brazil."

Democrat condemns China's MFN status

SENATOR George Mitchell, Senate majority leader, yester-day attacked President George Bush's decision to renew China's most favoured nation (MFN) trade benefits and promised a battle in the Senate to reverse the president's "failed" China policy, writes Nancy Dunne in Washington. Mr Mitchell threw his influ-

ence behind a bill giving China six-month conditional renewal for its MFN. After that China would lose its trade benefits the lowest tariffs available unless it improved its human rights practices, permitted immigration and ended nuclear proliferation.

The Democrat senator's call to battle came as no surprise to the White House. Mr Bush, who announced the intention to renew during a speech at Yale on Monday, went on the offensive against his critics.

"Some argue that a nation as moral and just as ours should not taint itself by dealing with nations less moral and just," he said. "But this counsel offers up self-righteousness

draped in false morality."
Mr Mitchell voiced his outrage over the reference to morality, and called it "especially offensive... that he seeks The debate will have politi-cal resonance in the run-up to presidential elections. Memo-

to clothe what is an immoral policy in moral terms". ries of the 1989 Tiananmen Souare massacre have not faded, and the president's defence of US business interests in China will be seen as another attempt to favour the

Court backs North's 'unfair trial' ruling

COLONEL Oliver North, a eading figure in the Iran-Contra scandal, could face a new trial or have charges against him dismissed following a Supreme Court ruling yester-day, AP reports from Washing-ton. The court let stand an Appeal Court ruling that the former White House aide may have been denied a fair trial. Col North was convicted in 1989 of misleading Congress in its investigation of the Iran-Contra affair, accepting an illegal gift and unlawfully shred-ding government documents. Only the first two convictions were examined in the appeal. At issue was whether the federal prosecutor and his staff violated Col North's rights by

using for the prosecution's

case testimony given to Con-

gress under immunity.

Bush seeks to allay health fears

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush maintained his usual intense pace of golfing and boating at his holiday home in Maine yes-terday as doctors checked whether chemicals in water could have caused the thyroid condition known as Graves' disease from which both he and his wife Barbara suffer.

In the face of continued speculation about his health due to his, at times, gaunt appearance and tiredness, Mr Bush has tried to show he is as energetic as ever.

Mr Marlin Fitzwater, White House spokesman, said the president had gained a few pounds during his Maine holi-day and that his heart beat

was normal. The president looks great, feels great, reports that he's in good condition and the doctors feel he's in good shape," he

Mr Fitzwater said that, because of the "enormous" coincidence of both the president and his wife having the same non-contaglous thyroid condition, doctors were checking to see if there was some environmental cause, such as lodine and lithium in the water at the White House, Camp David, his Maine holl-day home, or the National Observatory, where he lived for eight years as vice-presi-

Mr Fitzwater, however, brushed aside the suggestion that there might be links between the Bush's thyroid blems and their dog Milproblems and their dog Mil-lie's lupus, an inflammatory disease which is also an auto-

Argentine civil servants offered pay incentives civil service will now be

MR Carlos Menem, Argentina's president, is to press ahead with the second phase of the civil service reforms begun last year, writes John Barham in Buenos Afres.

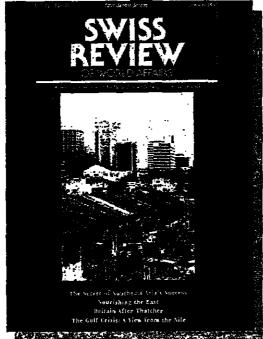
The reforms, a key part of Argentina's move to free markets, are intended to replace a corrupt and inefficient bureau-cracy with a streamlined civil service which rewards competance and efficiency.

Mr Gustavo Beliz, the presidential side executing the reforms, says the 160,000-strong

required to attend regular training courses, designed by Harvard University. Outstanding performance will be rewarded with higher pay and promotion, and pay differen-tials will be increased. Last November, in the first phase of the reforms, 47,000 civil service jobs were cut through early retirement and rationalisation. The Economy Ministry expects the reforms to

yield savings equivalent to 0.8 per cent of GDP.

Beyond the Everyday

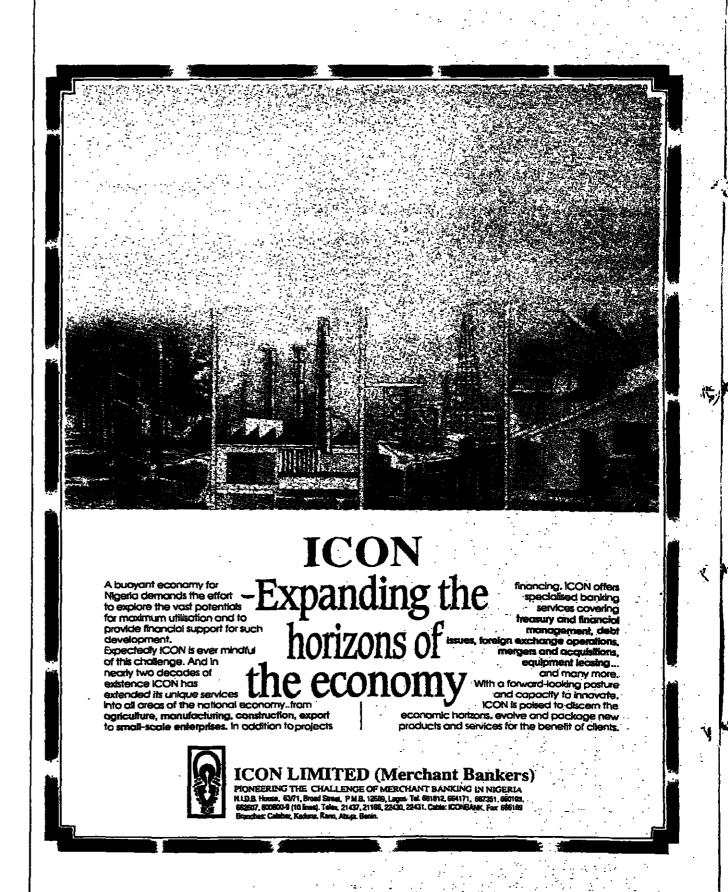


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Ulster talks stalled over choice of chairman

By Raiph Alkins and Our Beliast Correspondent

MR PETER Brooke, Northern Ireland secretary, edged forward his talks process in the province yesterday but failed again to clear the way for round-table, talks to start.

Agreement between Northern freiand's four main constitutional parties has been reached on the job description for the independent chairman Mr Brooks has proposed for the second strand of the talks, when the Irish government will enter negotiations.

However, no agreement has MR PETER Brooke, Northern

However, no agreement has been reached on how the iden-

tity of the chairman will be decided. If Mr Brooke decides decided. If Mr Brooke decides that a single candidate, or a slate of alternatives, has to be selected before talks can proceed, "round-table" talks could be delayed for several days.

A possible way of speeding up the process would be if Mr Brooke were able to agree with all parties a mechanism for choosing the chairman whilst the first strand of

whilst the first strand of "round-table" talks — on internal government in the province — went ahead.

The nationalist Social Democratic and Labour Party stayed away from meetings Mr Brooke held at Stormout par-liament buildings outside Belfast. The party says it will only return when Unionist anxieties about strand two have been resolved.

The SDLP fears that if the

unionists are given a veto over the choice of an independent chairman, they will block the second stage of talks.

The Rev Ian Palakey, Democratic Unionist leader, said:
"The question being asked now is whether the SDLP are really committed to these really committed to these talks, because it is quite evident they are looking for whatever excuses they can to keep away from these talks."

Mr Hume said his party was not going to Storagont because they had not been invited to plenary discussions. It was plenary discussions. It was essential that confusion over a chairman for strand two was ciarified. A phone call from Mr Brooke informing him that the obstacles had been overcome was all that was required to get the talks going, he said.

Rifkind unveils new agenda on transport policy

MR MALCOLM Rifkind, the transport secretary, yesterday set out an agenda for tackling Britain's road traffic congestion by making better use of MR Rifkind's visual differed that a few congestion. the railways. He unveiled a series of mea-

sures aimed at encouraging freight to switch from road to rail and committed the government to ending British Rail's monopoly over passenger and freight train services.

He also announced a long-term study into urban congestion which will examine whether Britain should become

one of the first countries in the world to charge cars and lor-ries for use of the roads on a ray-as-you-go basis.

The announcements, contained in Mr Rifkind's most important speech on transport policy since his appointment last November, were made at the opening of the Financial Times Transport in Europe

Times Transport in Europe conference in London. They were seen as an attempt to demonstrate the government's commitment to solving Britain's acute prob-

from those of his Conservative predecessors by appearing to take a significantly more posi-tive view of the role to be played by public transport. In a remark which no trans-port minister would have

uttered in the pro-road Thatcher years, he said: "I must declare myself, enthusi-astically and unequivocally, as desiring to see far more traffic, both passenger and freight, travelling by the railways". However, there were no com-mitments to heavy spending on rall transport, and the initiatives concentrated more on diverting freight traffic to rail than on the politically more intractable problem of passen-

ger transport.

The main proposals are:

British Rail's monopoly over the operation of trains is to end. However, this proposal will require legislation to implement and there is no



Setting his sights on the future: Malcolm Rifkind unveils his transport plans at yesterday's conference

mental grounds, are to rise. could conclude that road pricing had no role to play.

timetable for its introduction, other than the hope that it will be in the next parliamentary session.

• Freight facilities grants, paid by the government to encourage companies to switch road freight to rail on environmental grounds, are to rise.

• Universally for the amount of congested road space they use.

But Mr Rifkind was careful to rule out road pricing as a critically. He said the research could conclude that road pricing.

transport secretary, said there was much to be welcomed but criticised the government's proposal to encourage the construction of toll roads by the private sector, saying it would create a two-class system where "people with gold cards will be able to travel on first-

The freight transport industry welcomed the direction of the proposals but said they did not go far enough.

The Automobile Association said that the scope for transfer

Government switches track on support for railways

- greater than St Paul's on the road to Damascus" was how Mr John Prescott, transport spokesman for the opposition Labour party, described the govern-ment's new-found enthusiasm for Britain's railways yester-

it seemed an apt description of a remarkable shift away from the policies of the Thatcher years, during which public transport seemed to rank a poor ideological second to the freedom and individuality offered by the cer.

to the freedom and individuality offered by the car.
Yet as delegates at the Financial Times Transport in Kurope conference digested the landmark speech by Mr Malcolm Rifkind, transport secretary, some questioned whether his proposals would go far towards their stated aim of solving Britain's hooming concession crisis.

gestion crisis. The problem Britain faces is

that road traffic grows inexora-bly with economic growth. As people become richer, they buy more cars, use them more often, and consume more goods and services which have to be

transported.

Pressure on the available roed space is growing at a stag-garing rate. Between 1980 and 1990, for example, the number of cars in Britain rose by 33 per cent. Yet 65 per cent of house-holds still have no access to a vehicle, so saturation point is a

long way off.
Against this background, the Transport Department has predicted that road traffic in vehicle miles will have risen from today's levels by between 68 per cent and 112 per cent by 2025. Put simply, traffic will be roughly traffic as heavy in 30 roughly twice as heavy in 80 years.

If enough new roads could be built to accommodate this growth, a transport crisis could be averted. But as the present

CONFERENCE

TRANSPORT IN EUROPE

government has recently come to accept, this will never be possible in a country as small and densely populated as

Britain.

Bramining his other options,
Mr Rifkind has turned to the
role which railways could play
in taking traffic off the roads. Yesterday he armounced four initiatives aimed at attracting freight traffic on to trains. But although these measures were widely commended as

steps in the right direction, few

thought they would make any

significant difference to the congestion on Britain's roads, now or in the future.

The reason was the same as the one expressed by Mr Cecil Parkinson, Mr Rifkind's prederatinson, ar known a prece-cessor as transport secretary. He maintained that the propor-tion of freight carried by rail was so small that, in terms of road traffic congestion, the effect of doubling it would be countered within a couple of months by rapidly rising car mileage mileage. Mr Parkinson's view is illus-

mr Parkinson's view is indi-trated by Transport Depart-ment statistics showing that only 8 per cent of freight in Britain is moved by rail. Roads carry 62 per cent, with the rest split between coastal shipping, waterways, pipelines and air.

Even with the majority of freight going by road, heavy goods vehicles account for a relatively small proportion of total road traffic. In 1989, the number of lorry miles driven

were only 9 per cent of those driven by cars. So it would take a large reduction in road freight to make a difference to overall traffic levels.

Mr Garry Turvey, director Mr Garry Turvey, director general of the Freight Transport Association, said yesterday that the measures announced by Mr Rifkind would have little practical effect. Although freight facilities grants were to rise, he said, they had only ever attracted about 3m tonne-miles attracted about 3m tonne-miles of freight a year to rail - an almost insignificant figure compared with total road freight of 137.4 bn tonne-miles

Mr Turvey agreed that the opening of the Channel tunnel would provide opportunities to transfer freight to rail. But the tunnel's forecast freight throughput of 18m tonnes a year by 2013, he said, was also insignificant compared with the 1.81bn tonnes of road

freight lifted in 1989. The Freight Transport Association welcomed Mr Rifkind's

interest in combined transport
- the idea of transfering long-distance road freight to rail for the main part of its journey. But again, it doubted whether it would contribute greatly to the relief of conges-tion in a country where the average road consignment dis-tance is only 75 miles.

Several previous attempts have been made to counter the decline in use of rail for Britain's freight. The 1968 Transport Act, a Labour government creation, incorporated element provided and properties. claused requiring special authorisations to be sought for road freight journeys of more than 100 miles. But the provisions lay dormant on the statistic below the provisions of the statistic below the provisions of the second statistic below the second se ute book once the complications of enforcing them were

Richard Tomkins

Eurotunnel chief wants tax to fund new projects

By Andrew Taylor

A NEW tax should be levied on transport users and operators according to how much pollu-

tion they cause, Sir Alastair Morton, chief executive of Eurotamnel, said yesterday.

The money raised could be used to improve transport between Britain and the rest of Europe. It would be invested in projects in which the private sector was also investing a substantial amount of money,

he said. These might include a new toll highway from the M1 to the port of Felixstowe on the east coast, or extending the Heathrow sirport-central Lon-don rail link to Liverpool

Street station in the City.

Speaking at the Financial speaking at the financial Times conference, Transport in Europe, Sir Alastair said the proposal was consistent with the Tory Party theory that the consumer should bear the cost of pollution control.

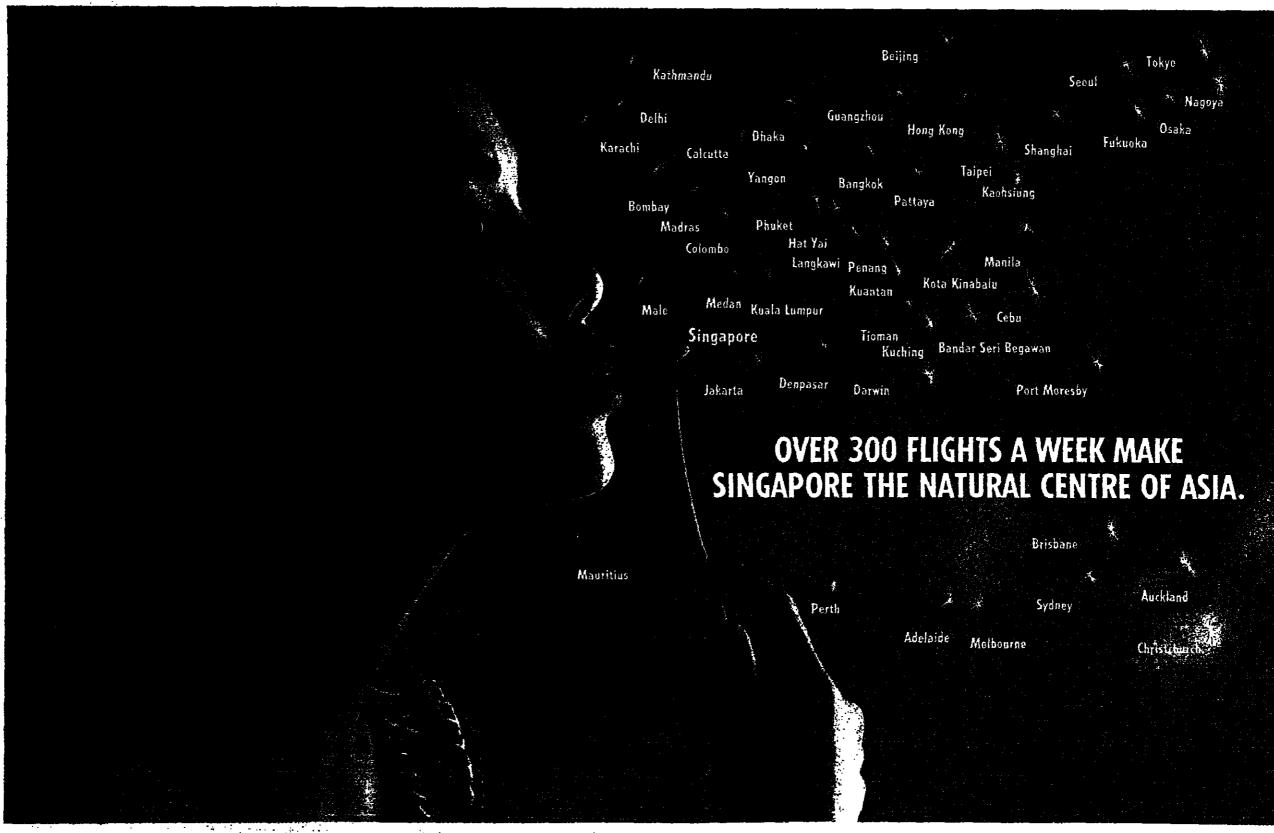
He said different types of

transport from a 350 horespower, 35 ton motorway truck to a 70 ton rail wagon pulled by an electric train, should be measured against a pollution

index.
Mr Michel Walrave, the French secretary general of International Union of Rail-ways, said that the development of a high-speed European rail network was likely to spread as links between EC countries strengthened. Demand for increased railway capacity was likely to grow as tern and western European countries began to co-operate more closely.

"Public money which is essential to developing these priority links, should involve Community, national and regional contributions," said

Mr Walrave.
Mr Rodolphe de Planta, delegate general of the Union des Industries Ferroviaires Europeannes (Union of European Railway Industries), said technical, legal and political differ-ences between European countries made it difficult to develop an integrated trans-port strategy. Nonetheless, there was a strong political will to create a highly efficient European railway network for passengers and goods.





New report contrasts UK and German training

By Andrew Adonis

THE SUCCESS of vocational training in Germany was highlighted yesterday by a new report published in London contrasting the continental system, which enjoys with high commitment of employers, to standards in the UK.

The report, on vocational education and training in Germany, highlights the so-called "dual system", under which apprentices spend about three days a week on in-company training and up to two days a week at vocational school.

Ministers and policy-makers in Britain are keen to learn from German experience. But despite innovations such as the Training and Enterprise Councils, the report emphasises the stark contrast between British and German practice.

Under the dual system, the structure of training courses is negotiated between employers, trade unions, the education service and the government. Exams are assessed by local chambers of commerce, with which all firms must register, and the whole system is underpinned by statute.

Vocational study enjoys far greater parity esteem with academic study in Germany than in Britain, they say. "In Germany, apprenticeship qualifications are part of a clear ladder of opportunity which gives access either to higher educa-tion or progress and promotion at work".

Apart from employer commitment, the report attributes the efficacy of the German system to six other factors: the readiness of employers to train more apprentices than

 high participation rates in training, secured by the statu-tory basis of training; a simple and well-understood system of vocational

qualifications the regulatory role of chambers of commerce;

partnership between vocational schools and industry

• partnership between employers and trade unions Aspects of vocational education and training in the Federal Republic of Germany, HMSO,

Rolls-Royce attempts to deflect criticism on pay

By Michael Smith, Labour Correspondent

LORD TOMBS, chairman of Rolls-Royce, the aerospace group which wants to freeze the pay of 34,000 employees, said yesterday he had taken a 10 per cent cut in his salary this year.

He announced the reduction, which he said had been agreed earlier this year, at Rolls-Royce's annual meeting where Lord Tombs and fellow directors were criticised by shareholders, including employees, for the increases they received in 1990. The board came under fire

over its handling of the pay freeze and over plans to close its helicopter plant at Leaves-den, near Watford, and cut 6.000 ærrospace jobs in the UK this year. Several hundred workers protested before the meeting.

redu<u>cti</u>ons are unusual among UK company directors. Many are still enjoy-ing increases in spite of the

Lord Tombs said his base sal-ary would be cut by 10 per cent from £150,000 last year to £135,000 in 1991. In addition he and fellow directors, whose salaries have been frozen at existing levels this year, would not be paid bonuses this year because the 1990 results "did not justify it".

He also said the worldwide slump in defence spending

MORE than a year later than intended, General Motors -

is launching the first outlets in a chain of drive-in, while-you-

wait service centres for cars and commercial vehicles in the

The chain, which will be operated by GM's dealers under the Masterfit name, rep-

resents a bid to recapture some of the nearly £%bn a year in parts and service business GM's franchised dealers have

lost to independent 'fast-fit'

groups in Europe.

The first centres are to be in

the IIK, where a pilot project has been running at a handful of dealers operated by Vaux-hall, the GM subsidiary, since

UK and Continental Europe.

the US motor manufacturer



Tombs: job cuts necessary

could hit Rolls-Royce's profits In 1990 Lord Tombs's total remuneration package, including bonuses, was £180,000, up from £119,000 in 1989.

Some shareholders criticised lest wear's feetings.

last year's increases in view of the pay freeze which the company wants for its 34,000 aerospace workers. One called it a public relations disaster. Lord Tombs said last year's rises included bonuses payable in respect of 1989, a record year

GM launches car service outlets

Later the concept is to be

extended to Continental

Europe, initially Germany, Bel-gium and Holland for opera-tion by GM's Opel dealer net-

Vauxhall says it plans to

When first unveiling GM's

have 20 Masterfit centres run-ning in the UK by the end of

this year, rising to 150 "eventu-

ideas for the Masterfit scheme

two years ago, Mr David Her-man, then executive director of

GM's European parts and service operations - he is now - predicted that a total of 600 Masterfit outlets would be operating in the UK, France, West Germany, Spain, the

the middle of last year.

compared badly with companies of similar size.
Several shareholders were applauded when they criticised the company's recent issue of contract termination notices to the 34,000 workers as a means of implementing the pay

The notices were subsequently withdrawn following a threat of High Court action from the MSF general techni-

Lord Tombs said the letters were a technical measure, intended to amend contracts to implement the pay freeze. Industrial relations had not been seriously harmed. Some shareholding employ-

ees voted against the re-election of four board members, including Sir Ralph Robins, chief executive. However, all four were returned by large majorities.
Mr Fred Hodgson, convenor for the AKU engineering union at Leavesden, said he was encouraged by the rough ride

given to the board by share-holders. Lord Tombs said job cuts were necessary to match avail-able work. All was not gloom, however. Aerospace civil order books remained strong and the newly-formed industrial power group was performing well, he said.

Benelux countries, Switzerland and Austria, by the end of

According to Vanxhall, the slower pace of introduction is linked at least in part to a big reorganisation of GM corporate identities which took place

subsequent to the first Master fit disclosures.

GM's franchised networks

have lost around 50 per cent of all their parts and servicing

business to aggressive independents, like Mr Tom Farmer's

Kwik-Fit Euro chain in the

According to GM's research

however, its European subsidiaries have fared no worse than

other volume manufacturers in this respect.

BRITAIN IN BRIEF



Squeeze on credit faces syndicates

Increasingly tough attitudes by banks towards derwriting syndicates at Lloyd's are providing a new problem for Names, wealthy individuals who back

underwriting on the market. Banks have traditionally provided credits to syndicates facing cash flow difficulties, as well as those for new business.

But as a result of escalating

claims from catastrophe losse since 1988 and the increased speed of claims settlement many syndicates lack cash. The market as a whole is expected to record beavy

underwriting losses in 1988 - the results of which will be aunounced in the su According to some bankers certain types of financing will not be granted, or granted on more stringent terms.

Job talks on plant closure

Welsh Development Agency executives will hold talks this week with Merthyr Tydfil borough council following last week's decision by Thorn-KMI to close its lamp-bulb plant in the town with the loss of

506 jobs. Mr Ian Rooks, WDA corporate director, said: "We will discuss the possibility of accelerating our joint action plan for the area and discuss ways of co-ordinating our efforts to secure alternative,

ong-term jobs."
Thorn announced late last week that the plant's manufacturing operations would be phased out over the next 12 months. A few, possibly not more than a dozen, workers are to be offered alternative

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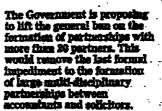
Development

Competitivenes

Enhancing Cross

Managing External

Partnership ban to be lifted



Partnerships of more than 20 partners are probiblied under company law except where an examplion is granted to a specific profession.

N Sea oil output falls

Oil output in the British sector of the North Sea fell sharply last month, according to Royal Bank of Scotland economists. After the high level of production in March (over 2m.

barrels per day), output fell by nearly a quarter, to 1.6m by nearly a quarter, to home bearets. Compared with the same month a year ago, output is down by stround a fifth, The slump is one to the closure of a number of fields to allow safety work and maintenance.

Night courts plan by Bar

The Bar Council, the barristers' governing body, is to examine the feasibility of establishing night courts in England and Wales.

Greater use of court buildings could also reduce delays in hearing cases and reduce the backlog by

removing from the daytime court lists a whole range of simpler work.

The proposal is part of a wider scheme by the Bar to review how courts can be made friendly and more accessible to the public.

Bank seeks views on ethics

Mr Terry Thomas, Co-operative general manager, armounced at the Co-op congress in Wales that the bank is to seek the views of its 1.8m customers on ethical issues such as South Africa and nuclear weapons. "Our future decisions on

this issue will reflect the general prefences of our customers." he said. However, the list of unacceptable business partners will be adjusted periodically as customers' views change

Pears that the Settle to Carlisle relivery in north-west of England may close have been allayed following an announcement that an appeal has been pledged 2500,000. The appeal aims to raise the money to repair vinducts and bridges on the Ti-nzile line, which is often used for trips by reteran steam trains (pictured shove).

Stalemate in power talks

Prospects of industrial action this summer in the power industry were revived when employers refused to incre an 8.9 per cent pay offer and unions gave notice of a second hellot on strike action. Regressitatives of companies in the power industry met the five trade unloss at the unloss' reque

after a majority of manual workers rejected the offer, described by management

Grants may be transferred

Training and Enterprise Councils are to revive a proposal that the Enterprise initiative, which offers grants and advice to businesses. should be transferred to the new employer-led bodies. Mr Eric Dancer, chairman

of G10, the committee of ten Tec chairmen which acts as a mouthpiece of the movement to government, will propose such a move at a meeting with Mr Peter Lilley, secretary of state for trade and industry.

BAe to assist in phone system

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British Aerospace is to participate in setting up the world's first global mobile telephone system, being developed by Motoroin and Lockheed Miselles and Space of the TE of the US.

The system will be made up of 77 small communications satellites and is expected to be operational in 1996.

Motoroia said that although it had chosen Lockheed as its prime space eraft contractor for the contract, it wanted BAs to participate in the development of the system.

Acid rain threat 'is extensive'

Damage caused by acid rain in Britain will take a long time to solve completely, Mr David Trippler, environment minister, said.

He was commenting on the publication of a report by scientists which show that by the year 2005 8 per cent of the UR surface area and 4 per cent of fresh waters in Scotland will still be sustaining damage.

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BUSINESS AND THE ENVIRONMENT

10 M

MORTH AMERICA: 6

than what is thrown out in

The changes are reflected in

pared to \$39-7/8 a year ago, but below the 52-week high of

Waste management compa-nies are also feeling the impact of their own high prices which

CHEMWASTE: Hazer waste herefine

Comparison of 1990

tevenue for the biggest US

20%

1992 estimate

Discovery of lost insurance

nsurance archaeology sounds like the sort of pol-icy Howard Carter and Lord Carnaryon should have taken out in the aftermath of their discovery of Tutankha-mun's tomb in 1922. But it is one of the more intriguing byproducts of America's drive to

clean up the environment and make industry foot the bill. The aim of insurance archaeology is to recreate, interpret and analyse past insurance coverage over a period of many years to meet present and future corporate liabilities arising from past

It was developed by Ran-dolph Fields in 1981 in response to the needs of a cli-ent faced with a multi-million dollar asbestosis suit. Having established that coverage existed which a client origi-nally believed was not applica-ble Fields went on to be consulted by most of the defendants in the aspestus-related litigation which swept through the US in the 1980s. To date Fields's company claims to have found in excess of \$100bn of insurance cover-

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age for its clients.
In today's tight insurance market it is impossible to buy coverage for such risks. But much of the primary and excess liability insurance bought over many years cov-ers latent claims.

Fields has been able to establish that the standard general liability policies sold since the Second World War contain no time limitation on when a claim can be made. All that is required for them to become effective is that some personal injury or damage to properly took place during the period covered by the policy even if it remained undiscov-

ered for 40 years. He has also established. much to the irritation of the insurance industry, that poli-cies issued before 1971 rarely excluded coverage for pollu-tion or contamination-related claims. No wonder the insur-ance industry is lobbying hard in Washington for a change in the basis of liability under Superfund, America's national environmental clean-up pro-

aste management, once regarded as an industry with little potential, is set to become one

potential, is set to become one of the biggest and most lucrative businesses in Europe over the next decade.

All forms of waste, hazardous or not, are coming under fire. Companies which once dumped toxic waste into any nearby stream or vacant site must now abide by legislation which forces them to dispose of their waste in a more responsitheir waste in a more responsi-ble manner. The established waste man-

The established waste management companies, such as Waste Management, are well-positioned to benefit from such legislation. Waste Management, which has grown rapidly over the last 10 years, recently entered into a joint venture with Britain's Wessex Water. Waste Mangement already has operations in Denmark, Germany, Italy, the Netherlands, Spain and Sweden.

The North American waste management industry was spawned by the environmental movement of the 1960s. The original Earth Day in 1970 led to the creation of the Environto the creation of the Environmental Protection Agency (EPA) in 1971 and a host of new legislation including Clean Air and Clean Water Acts. The 1976 Resource Conservation and Recovery Act (RCRA), a federal umbrella of waste legislation, also became active during this time.

William Finnkett, a spokesman for Waste Management.

man for Waste Management, said: "Regulation has driven our business in the US and we our business in the US and we expect it to do the same in Europe. The US developed its environmental legislation more broadly than Europe as a whole, but we are looking for very high standards from the European Community after 1992."

Waste Management started in 1894 as Ace Scavenger Service, Chicago's first rubbish collection business. In 1968, the son-in-law of the founder joined forces with a relative who ran a refuse collection was rain a rainse connection company in Florida to form Waste Management. The company went public in 1971 and embarked on a 20-year

buying spree, acquiring nearly 500 waste companies during the 1980s alone. By 1990, Waste Management was the biggest player in North America, with profits of \$684.8m on revenues of \$8.60m. of \$6.08bm.

Waste Management collects rubbish in almost every US state through contracts with local municipalities and busi-Robert Rice

Robert Rice Waste management is an established US business. Karen Zagor examines its expansion into Europe

Rubbish industry smells new profit

MANAGEMENT

revenue year over year revenue gains by sector

BE RYFEREATIONAL: Non US jurisale policiforalisposi, hagerdons waste writted high ATER: Rubbled called a safety patricing political county of safety political political county of safety political county by safety political county by safety political county.

Sources of incremental

Management (which disposes of hazardous materials) and a 55 per cent stake in Wheelabrator Technologies (which specialises in pollution control

systems). Waste Management has Waste Management has always realised the importance of remaining ahead of impending legislation. It is estimated that new federal regulations could close about half of the 6,000 rubbish dumps in the US, but all of Waste Management's dumps are the second could be seen to be seen as a second could be seen to dumps meet the new require-ments. They are equipped with synthetic or clay liners to prevent contaminated water seep-age, have ground water monitoring systems in case the liner leaks and have methane collec-

tion systems.

But Waste Management's public image is far from pristine. It has been the subject of about 18 grand jury investigations and it has a long track record of environmental violations, and fines for bribery, price-fixing and illegal waste handling. In November, for example, the company agreed to pay \$19.5m to settle a classaction lawsuit for price-fixing. To cope with the steady stream of litigation, its legal division employs about 80 lawyers. In 1968 the Citizens Clearing House for Hazardous Wastes

said the company's "rise to the top of the garbage heap is a testament to how an enterprising group of profit-minded businessmen can break laws, be convicted and still make a profit and grow. The history of this company is a tribute to the dark side of the American Waste Management is not

the only company with a tainted image. Browning Fer-ris, another target of lawsuits pany in 1988.

and accusations, hired a for-mer head of the Environmental Protection Agency, William Ruckelshaus, to head the com-Ironically, it was the difficulty of complying with contin-ually changing regulations

that for the most part elimi-nated small, independent com-

ment industry. The cost of upgrading facilities to conform to new laws has meant that only the well-capitalised com-panies, such as Waste Manage-ment, have survived.

Americans generate so much waste — about 180m tonnes of solid waste and 260m tonnes of hazardous waste, each year -that analysts once thought demand for waste management services would be limitless. Despite its success so far. the North American waste man-agement industry is stumbling for the first time since the

early 1970s. Like most industries, was management is feeling the bite of recession. The hazardous waste sector, which is tied to what industry disposes rather

vast profit margins in the 1980s. As businesses try to reduce their costs, they have become less prolific waste producers to avoid the high charges of the waste manage-

ment companies.

According to Robert Fey, an analyst at Barclays de Zoete Wedd, the waste management industry is now at a plateau.

"The big companies had a few years to consolidate quickly. Now there is more competition, and new companies are grown. and new companies are grow

According to Barry Mannis, an analyst at Morgan Stanley, sectors of the industry are maturing for the first time. In particular, solid waste and landfill management - collect-ing, hauling and landfilling rubbish - "is maturing and won't drive the bottom line in the way it did in the past," he

Landfills now handle about 70 to 80 per cent of North America's solid waste. Recycling accounts for about 12 per cent and incineration another 15 per cent. Fey believes that by 1995 landfills may handle by 1995 landfills may handle less than 50 per cent of the solid waste output.

In the US, new air regulations are expected to facilitate permits for incinerators, and

waste-to-energy could rise to 35 per cent of the solld waste output from about 15 per cent. Recycling is expected to grow to about 25 per cent.

The new growth areas in waste management, according to Mannis, are recycling, incin-eration (waste to energy), medical waste management, waste water and sewage sludge treat-ment and air pollution.

Analysts believe that the changes in waste handling may help smaller companies with advanced technology to carve out a niche for them-selves in the industry. Waste Management, however, is expected to remain a dominant force thanks to the company's diversified base.

homes, has been particularly sensitive to the weak economy. Pending legislation may also the share prices of four of the biggest companies. Stock in help shape the face of the industry in the future. An important battle about ship-ping waste over state bound-aries is being fought in Ala-bama, where Chemical Waste Management is challenging regulations which allow the Browning Ferris now trades at about \$28 from \$41-1/2 a year ago, Chemical Waste Management shares have dropped to \$20-3/4 from \$23-5/8 and Laid-law's class A issue has plunged to \$11-1/2 from \$22.
Only Waste Management's stock has remained relatively statle, at about \$39-1/4, comstate to charge less for the dis-posal of in-state waste than

out-of-state waste.
Finally, Congress has just started examining RCRA reauthorisation. It seems likely new rules will be passed to increase the flow of recycled goods. RCRA is also expected to address problems of inter-state transportation of waste.

Privatisation leads to oilfield clean-up

By John Barham

rivatisation may have many economic virtues.
In Argentina, which has
launched one of the developing world's most aggressive priva-tisation policies, it is bringing environmental benefits too. Last year, Yacimientos Petroliferos Fiscales (YPF), the government-owned oil com-pany, began selling off its oil-fields. It began with small, marginal fields and then last month sold half-shares in four of its biggest oilfields. Since last September YPF has sold,

wholly or in part, 31 oilfields.

As well as taking over YPF's oilfields and installations, the buyers are also required to clean up the considerable damage which the fields wreaked on the environment. As a general rule, YPF ran its oilfields with astonishing disregard for basic environmental and opera-

tional safeguards.
Oilfields in the desolately beautiful Steppes of Patagonia and Tierra del Fuego are scarred with blackened streams. YPF littered its dril-ling sites with impressive quantities of rusting industrial refuse. The company's aging,

unsafe equipment leaked oil into the environment but YPF did little to clean up the mess. According to a former YPF engineer. What you see is the product of a culture of neglect. There was never any money to do anything, so you quickly learned not to bother, not to make the effort to work properly. This is the result." Environmentalists say that it is only pure luck that a major

nt has not occurred yet. Total, the French oil com-pany, was among the first multinationals to begin tackling contamination at a YPF oilfield. Last November it took over Cañadón Alfa, a small oilfield in Tierra del Fuego (which it won as compensation for YPF's misappropriation of its nearby reserves). Shortly after, it meticulously photo-graphed the area and commis-sioned an environmental audit to ensure it would not be blamed for the chaos.

The report, written by two independent biologists, said that while the contaminated area covers only 100 square kilometres, the "principal effects are deterioration of the zone's landscape and occasional oiling of mammals that inhabit the valleys, whose water courses are contaminated".

Although Total's pictures of blackened streams, dead sheep and pools full of oil are ugly, the damage is relatively super-ficial. It took a five-man team only two months and \$50,000 to eliminate the worst of the damage. Total says the area is now

90 per cent clean. Argentina is one of the few countries in South America lacking comprehensive envi-ronmental legislation. While its mining and hydrocarbons law makes holders of a concession responsible for selety and cleanliness, enforcement of the law is not rigorous.

Instead, multinationals and their local partners follow their own guidelines, which are gen-erally far more stringent than Argentine requirements and are enforced more rigidly by environmental auditors from

head office.

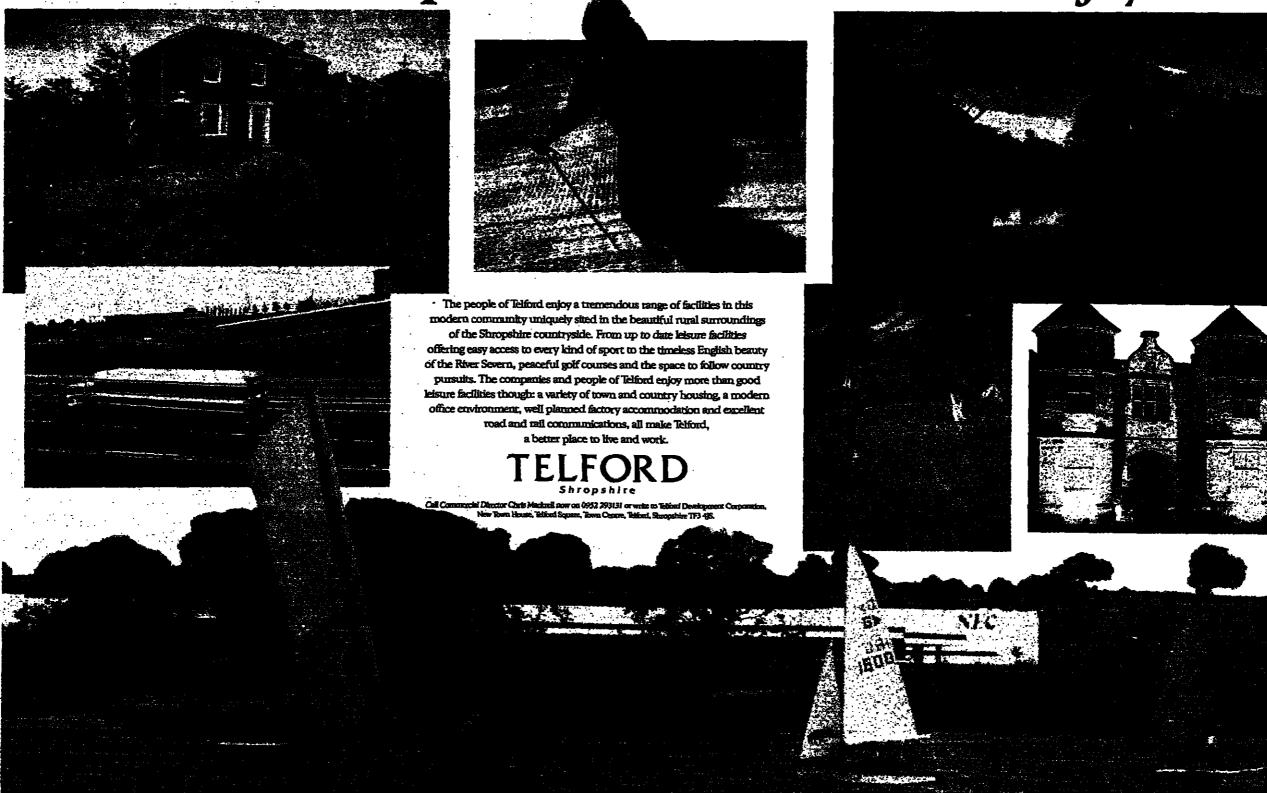
In April, Total agreed to pay
\$134m for a half-share of YPF's
El Huemul oilfield, one of Argentina's largest, located in southern Patagonia. Prelimi-nary estimates put the cost of reversing the damage at El Huemul at \$400,000 for this

Oscar Vicente, vice president

of Perez Compane, an Argen-tine oil company which, together with Occidental Petroleum of the US is taking over YPF's largest oilfield, con-firmed that the companies too will tidy up the area. "It's not going to cost much. It's for our going to cost much. It's not our image. All our oilfields are clean and well-organised. When people work in a clean area and in good order I get better productivity," he says. Derry O'Regan, Shell's drilling operations manager, says the greatest cost in taking over YPF's oilfields will come in upgrading its aging and poorly maintained wells, rather than cleaning up the environment.
Old of wells are more expensive to operate because they produce water as well as oil

and disposing of contaminated water is costly. Total has shown, however that improved efficiency and productivity can more than offset these added costs. At Cana-dón Alfa, it rapidly tripled oil production and raised gas output by 25 per cent.

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link and you'll miss it. The headquarters of one of the fastest growing steel compa-nies in North America sits in modest anonymity on the out-skirts of Charlotte, North Carolina, quite overshadowed by the suburban bustle of the Cotswold Shopping

Center just across the road.

No sign outside the squat, fawn brick building announces it to be the home of Nucor, the seventh largest steel manufacturer in the US; and its tiny fourth floor rented offices have about as much granded offices have about as much grandeur as the average dental practice. A mere 20 people work there, even though the com-pany employs some 5,600 people at plants scattered across America.
It is a stark contrast to the mighty

headquarters towers built by the "Big Steel" companies - the huge, integrated manufacturers, such as USX, Bethlehem Steel and LTV, which dominate the US industry but which have spent much of the past decade in crisis. The contrast has symbolic significance, for Nucor is the most successful of the US "minimills" - small, innovative manufacturers which have been snapping at the big mills' bloated, bureaucratic

ankles over the past 20 years. The modest size and lean staffing of Nucor's head office also under-lines its unusual style of management: extremely decentralised, egalitarian and with powerful productivity incentives for workers. Policies like these are now widely touted by management experts as sound practice - but the maverick Nucor has been using them for the past 20 years, and it has implenanies would either choose or dare.

Radical management is one factor which has put Nucor among the lowest cost manufacturers of steel anywhere in the world. Another has been its repeated willingness to take very big risks, particularly in introducing new technology.

Nowhere were the risks greater than two years ago when, at a capital cost of \$270m, it pioneered an entirely new method of making steel sheet at a greenfield site in Crawfordsville, rural Indiana. The plant is an important landmark for the US industry, since it propels Nucor into the huge market for sheet products, which up till now has been domi-nated by Big Steel. The story of how that plant was

brought into successful production despite some hair-raising setbacks has just been recounted in a gripping, if somewhat over-written, book*. It portrays a corporate cul-ture which combines a fierce, macho group loyalty and powerful work ethic with a rather cocky, shoot-from-the-hip approach to solving

The book also shows one aspect of the company in a less favourable light - its safety record. Preston describes in dreadful detail how a 15 foot high ladle, filled with liquid steel, crashed to the floor of the

Steel manufacturing in the US

How Nucor is stealing a march on the big mills

Martin Dickson reports on the decentralised egalitarian style of the mini-mill

plant's melt shop shortly after production began, setting off an explo-sion which devastated the building and left one man with fatal burns.

The number of Nucor employees killed in workplace accidents over the past decade is well above the industry average, and while the com-pany says the figures are misleading and that it does not take chances with workers' health, critics suggest that its decentralised structure and emphasis on productivity goals may encourage employees to cut corners

As with many entrepreneurial companies, much of Nucor's success stems from a single powerful personality - in this case Ken Iverson, its 65-year-old chairman. A tall man, with a friendly, informal manner ~ which is said to mask a hot temper
- he is a mechanical engineer and metallurgist by training. His pas-sions include wildfowl - he keeps them in his garden - and the mysterious qualities of molten metal.

When he joined the company in 1962 it was known as Nuclear Corporation of America and was a troubled mini-conglomerate which traced its origins back to a turn-of-the-century motor manufacturer. Ransom Olds, the man who invented the

Oldsmobile.

By 1965 the business was on the point of bankruptcy and lverson, who was responsible for its one profitable business, fabricating steel roof-joists, was thrust into the chairmanship, almost by default. He saved it from bankruptcy by selling off its non-steel interests and then moved the rump business upstream, into making its own steel

Nucor was far too small to build a blast furnace to smelt iron ore - the capital-intensive method used by the integrated manufacturers. Instead it took a much cheaper route - and one which has become the hallmark of a mini-mill: recycling scrap metal by melting it down in an electric arc furnace. Nucor found it was on to a winner.

It was able to make steel at the commodity end of the market at a price which undercut both the big manucturers and imports. More recently Nucor has been moving upmarket, into higher val-

ue-added products which Big Steel

once regarded as relatively safe from

the upstarts, Nucor-Yamato Steel, a

joint venture company with Japa-

Ken Iverson: a shoot-from-the-hip approach to solving problems

nese manufacturer Yamato Kogyo. uses new technology to make cheaper, quality beams for use in the construction industry. It has just announced a \$150m expansion plan. Far more remarkable has been Nucor's thrust into the very heart of the big mills' territory - sheet products - with the Crawfordsville plant. Sheet steel is normally made through a process which extrudes a big slab of metal, eight inches thick.

That steel has then to be repeatedly rolled and reheated to squeeze the slab into a thin sheet. All this requires a great deal of capital investment and time, which explains why the market – accounting for some 50 per cent of US demand – is dominated by the big mills. Nucor's Crawfordsville plant uses a method which casts steel straight

into slabs just two inches thick,

thanks to a new type of funnel mould invented by a German com-

pany, SMS Schloemann-Siemag. Those slabs are immediately compressed into finished steel one tenth of an inch thick, saving a great deal of time and money.

It sounds simple but Nucor took a tremendous gamble in going ahead with the project, for the German method had never been applied commercially. And Nucor, wanting to capitalise on what it believed to be a brief window of technological advantage, tried to build the plant in just 18 months, which meant finishing the design as it went along.

The integrated US manufacturers, which have been notoriously slow to adopt new technology, forecast a disaster. Construction got behind schedule, friction mounted between Nucor and its German partners, and Crawfordsville was dogged by mis-haps. Production finally began early last year, but the plant initially lost \$1m a week and its output was of

questionable quality.

Now, however — with the bugs sorted out — the plant is making money and its technology seems to be a success. Nucor acknowledges there are still some problems with surface abloration on its steel but

surface blemishes on its steel but says these are relatively minor. Crawfordsville's output is aimed at the lower grade end of the market art the lower grace end of the manager and not the more demanding areas, such as automobile body panels. Rivals suggest the technology may never be able to meet them, but Nucor reckons that it can.

Whatever the case, Nucor is so pleased with Crawfordsville that it is now building a second plant, at a cost of \$300m, in Arkansas, and Wall Street analysis say other manufacturers may have to consider using the technology, at least for lower

Moving quickly and being willing to take risks is part of a distinctive corporate culture designed to pre-vent Nucor becoming fat and bureaucratic. It is a style forged partly by Iverson's egalitarian per-sonality, partly by a fear of what bureaucracy did to the integrated mills, and partly as a reaction against the free-spending ways of

the pre-1965 management. The company is able to function with such a tiny headquarters team because of the immense power Nucor devolves down the line to the people running its operating busis, who can thus solve problems quickly. "We (headquarters) are a resource for the divisions, not the other way around," says Hugh Aycock, the company's chief operating officer. "We don't see it as us controlling the divisions, but more keeping up with them." The rest of the management structure is equally lean; Nucor has just four layers, compared with nine or more at Big Steel.

The composition of the workforce and the pay incentives set for it are also a spur to good productivity. Nucor usually places its plants in small towns in low-wage rural areas. It says this is because country people have a strong work ethic and are mechanically minded. But rural peo-ple also tend to be anti-union, and Nucor's employees have rejected all attempts to organise them. That is hardly surprising, since

the company has brought good wages to depressed areas, and while

Nucor has enjoyed rapid growth over the past two decades, this period has seen the big uncompetitive companies slash tens of thousands of unionised jobs. It is Iverson's boast that since 1965 the company has not hid off one company has not laid off one

An absence of unions has also helped foster flexibility, and Nucor workers are cross-trained to do one workers are cross-trained to do one another's jobs in a way that would be impossible at the big companies. As for incentives, Nucor takes, groups of about 30 people involved in a particular job, establishes a yardstick for the task and pays pro-ductivity bonness when the target is besten. Basic pay is set tribiting. beaten. Basic pay is set relatively.
low, but the (weekly) bonuses candouble that, bringing workers up to
or above the wages of steelworkers. or above the wages of sceaworkers in unionised shops. There is also a profit-sharing plan which takes at least 10 per cent of the company's pre-tax profits. Part of this is distributed to workers quickly, while the rest is handed over when they retire

Says Iverson: "The problem with many incentive schemes in corporate America is that they are so com-plex that the worker can neither understand nor relate to them. It's important that the bonus system is important that the bonds system is simple enough for people to understand." The pay of senior executives is also tied closely to the group's performance and, unlike in most US companies, can fluctuate wildly.

All this is underpinned by a strong team senior the property of the companies.

strong team spirit. Despite its growth, Nucor remains a very egalitarian company which carefully solicits the views of its employees. There are no company cars. Every-one flies tourist class. There are no staff caterers; Iverson's "executive dining room" is Phil's Deli, in the

Cotswold Shopping Center. But the company is not above criticism. Its financial record is infinitely better than that of the big integrated mills - it has not lost money in any quarter since Iverson took over - but not all of its invest-ments have been money-spinners. And there is the question mark over its safety record.

Some aspects of its learness may also be weaknesses. The board consists of just four people - three of them executives of the company and the fourth a former employee. This means there is no independent check on the management, and runs counter to generally accepted good

It illustrates how Nucor has become a big company while still thinking small. Some analysts question how well this bare-bones man-agement structure could cope with another great burst of growth, or Iverson's eventual retirement, which still seems four or five years off. But critics have been saying this sort of thing for years and Nucor has a long track record of confounding them.
* American Steel by Richard Preston, Prentice Hall Press \$19.95.

Management. abstracts

inspiring others: the language of leadership. JA Conger in Academy of Management Erectuine (US): Feb 3F (15 pages)
Supported by examples of top managers' statements to their staffs about the goals and progress of their businesses, attacks the narrow-minded, uninteresting, analytical, con-ventional approach which relies heavily on accounting concepts; calls for messages incorporating an inspirational view of present and future cor-porate roles, based on the exec-utive's "vision" to be communicated with fervour and sincerity and leading to com-mitment; ends with guidelines on creating such messages, eg gearing them to different audiences, and citing - inter alia - Martin Luther King.

Cornorate failure - analysing the analysis. G Holmes & A

Sugden in Accountancy (UK), Mar 91 (2 pages) Examines the pressures placed upon analysts in the current economic climate. notably in respect of the recent failure of Polly Peck. Shows the criticisms made of analysts and argues that the increasing difficulty of analysing com pany accounts is exacerbating the situations. Describes the moves made by the Society of Investment Analysts to recover their prestige through the use of examinations and account-ing standards.

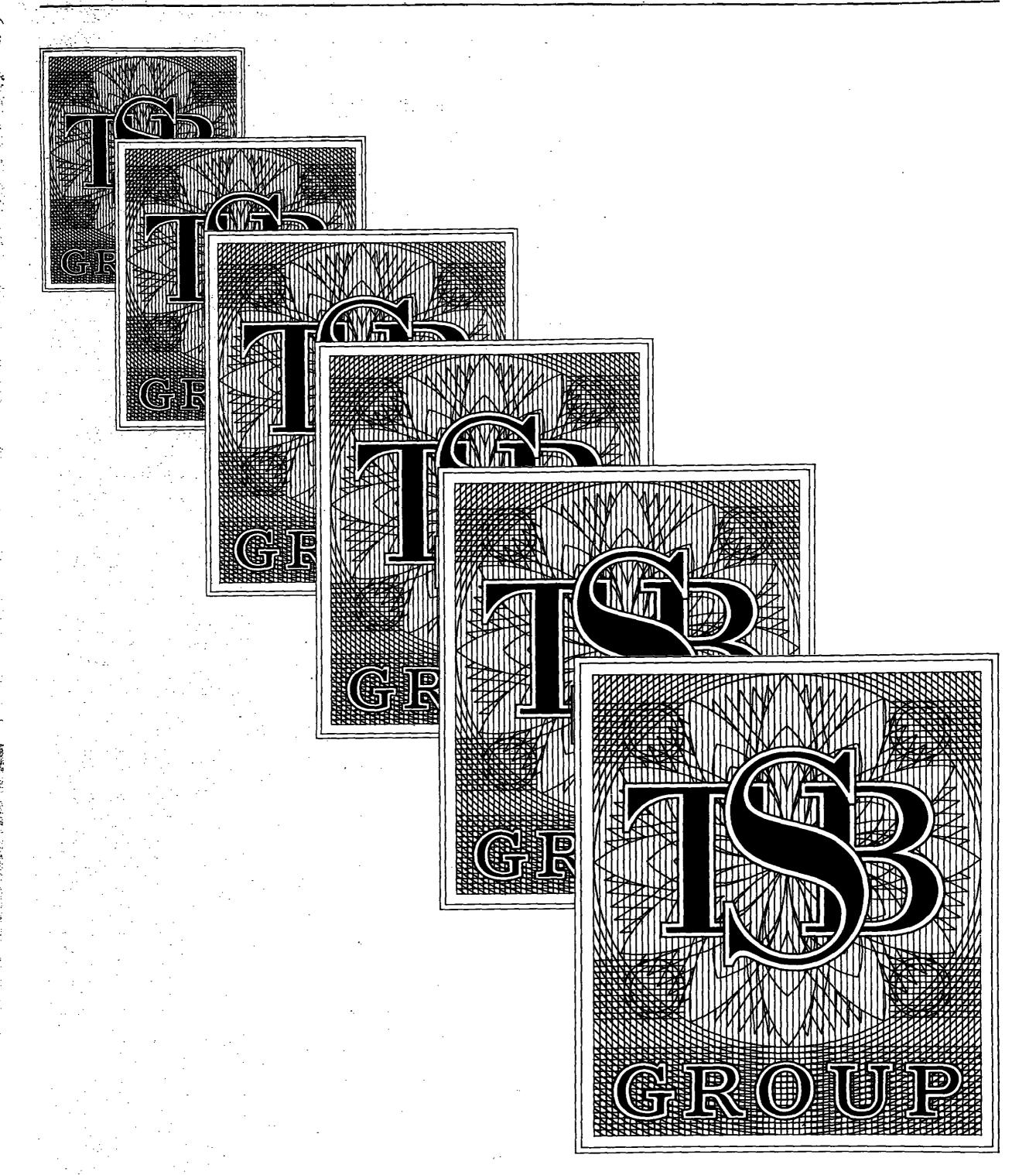
Breaking with bureaucracy. A Toffler in Across the Board (US), Jan/Feb 91 (6 pages) The US author answers ques-tions, related to a section of his new book concerned with business organisation, dealing par-ticularly with more flexible alternatives to traditional hierarchies.

Upper-level managers and whistle-blowing. JP Keenan in Journal of Business and Psychology (US), Winter 90 (13

pages)
Explores what influences senior managers to expose wrong-doing or to remain silent, obtains some tentative answers, for instance, that the existence of a written code of ethics gives no guarantee that it will be followed in the absence of other types of practical support.

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FT LAW REPORTS

Digest of cases reported in the Easter term

FROM APRIL 12 TO APRIL 26

> Owens Bank Ltd v Bracco and Another (FI, April 12)

The bank applied under the Administration of Justice Act 1920 to register in the UK a foreign judgment obtained in St Vincent while the defendants acught to resist the application on the ground, inder atia, of fraud. Before and after the St Vincent proceedings, other proceedings had been commenced in Italy in which the issue of fraud had been squarely raised. The defendants sought orders to set aside the English proceedings on the ground that under the 1968 Civil Jurisidiction and Judgments Convention, the court had to decline jurisdiction. Dismissing the defendants' contention, the Court of Appeal stated that the Convention had no application to proceedings for the recognition and enforcement of judgments of non-contracting states and in particular to proceedings under the 1920 Act.

However, if fraud on the for-

However, if fraud on the fureign court resulted in the fact that the court had been induced to come to a wrong conclusion, the defendants were entitled to re-open the whole case even where those were the very facts in issue in the foreign court: see Vadala v Lawes (1890) 25 QHD 310.

Smoker v London Fire and Civil Defence Authority; Wood v British Coal Corporation (FT, April 16)

In the appeals, the question was whether pension receipts and gratuities were deductible from damages in cases where employees had been injured in work accidents in which the employers had been negligent. In Parry v Cleaver [1970] AC 1, the House of Lords had held that, in assessing the damages, moneys coming to the plaintiff under a contract of insurance should be disregarded for otherwise the benefit would enure to the tortfeasor. Refusing to distinguish Parry in the present case where the relationship of the defendants was that of employers, tortfeasors and insurers, their Lordships stated that the principle remained the same where the employee had set askie money in respect of his past work through his pension. Those pension benefits were not deductible and the common law principle of double recovery was not involved.

Hitchins (Hatfield) Ltd v The Prudential Assurance Co Ltd (FT, April 17)

By clause 3 of an endorsement to an insurance policy concern-ing a housing development, loss was covered which arose out of "any fault, defect, error or omission in design" subject to the proviso, inter alia, that no amount should be admitted in respect of any increases costs due to redesigning the property "which is defectively designed". Hitchins claimed or reinstating the works of the ground of a sloping site while the insurers alleged that the land slip had occurred due to design defects in the works. The question was whether it was necessary in order to juswas necessary in other to ins-tify refusal of any increased costs to prove that the original defect in design was negligent or arrived at with some such element on the part of Hitch-ins. In allowing Hitchins' appeal against a first instance decision that "defectively designed" was intended as a reference back and the insurers should not be liable for increased costs due to defect in design, the Court of Appeal stated there was no rea conclude that the intention was to exclude any increased costs due to redesigning even when the original fault in design was not negligent. There was at least some reason to conclude that the insurers intention was to exclude such costs where the original fault

Lawson (HM Inspector of Taxes) v Johnson Matthey plc (FT, April 19)

The taxpayer parent company made a payment of 250m to a subsidiary just before the subsidiary just before the subsidiary's shares were sold to the Bank of England. The payment was made when the subsidiary got into difficulties and the transaction took place at the behest of the Bank of England so that the parent would not have to case trading forthwith. The Inland Revenue Commissioners refused to allow the deduction of the grounds that (a) it was not a capital expense; and (b) that it was not paid out exclusively for the purposes of trade. Dismissing the taxpayer's appeal from a first instance decision that the contention of Commissioners was correct, the Court

of Appeal stated while it was true that the parent's purpose was to preserve it s own trade, that was not determinative of the capital/income issue. The determination of that issue must depend on common sense rather than on the strict application of any legal principle: Strick v Regent Oil 1966] AC 295. The payment of the £50m in exchange for the shares in the subsidiary was in order to enable the parent to get rid of a capital asset, the continued retention of which would be harmful to the parent. The common sense of the matter was that the £50m was capital expenditure.

Foster and Others V British Ges plc (FT, April 23)

British Gas plc was established as a corporate body by statute in 1986 but was made responsible for providing a public service pursuant to a measure adopted by the state. Its policy had been that women should retire at 90 and men at 65 and the appellant employees claimed compensation for unlawful discrimination on the grounds that the policy infringed the EC equal treatment Directive. The House of Lords referred to the European Court the question whether it was a body of such type that the appellants were allowed to enforce their rights against it after their complaints had been dismissed by the industrial tribunal and the Court of Appeal. The sole question thus was whether British Gas provided a public service under the control of the state and exercised special powers beyond those which resulted from the normal duties applicable in relation between individuals. Dismissing the contention of British Gas that it was engaged in commercial activities and was not the agent of the state, the House of Lords stated that it was a public service to citizens generally under the control of the state and had a special monopoly power created by legislature.

(FT, April 24)

In a case where a valuer surveyed a property for morigage purposes and gave a report for the benefit of the lending principals, liability was admitted in the county court that but for the valuer's negligence, the lender would not have made any loan to the borrowers. The sole issue was the measure of damages on the basis that there would have been no loan on a competent valuation. The valuer contended that damages should have been assessed on the basis that the lenders were entitled to be placed in the position that they would have been had they received a competent report and made no loan.

Accepting that contention, the House of Lords stated that the fallacy of the argument, accepted by the Court of Appeal, was that the lenders were entitled to obtain compensation for the borrowers' failure instead of damages for the valuer's negligence. In the absence of evidence as to how the lenders financed the loan or how the money, if not lent, could have been profitably employed, 12 per cent interest was the proper rate at which to recompense the lenders for being deprived of the money that constituted the loan.

World Navigation (FT, April 26)

In contracts for the shipment of maize, Clause 7 of Gafta 64 provided that buyers should load "in accordance with the custom at port... unless otherwise stipulated". The Centro terms provided that once the vessel was berthed the sellers guaranteed a minimum average loading rate per working day. The vessel was late berthing due to the shippers' documentation having been out of order and the buyers claimed breach of contract and damages for demuriage under the charterparty. The sellers contended that the loading had been completed in time within the Centro stipulation. Allowing the sellers' appeal against a decision of the arbitrators upheld by the judge at first instance in favour of the buyers, the Court of Appeal stated that the law was concerned with legal obligations only and not with expectations however reasonable: Lawarack v Woods [1976] 1 QB 278. The judge had been right that the breach, the buyers had received that to which they had been entitled had there been no breach. To hold otherwise would be to miske the sellers pay damages for falling to do that which they were not obliged to do.

Aviva Golden

in the

TELEVISION

Scrambled satellite serves up US soap

A week's monitoring last summer of the output from the Astra satellite, car-rying Sky Television, led to the conclu-sion that viewers were being offered a predominantly Australian and Ameri-can schedule. Three weeks later, after a week's monitoring of the output from the Marco Polo satellite, carrying Brit-ish Satellite Broadcasting, the conclu-sion in this column was that, although there were marked similarities, BSB provided more British programmes (original material and repeats of old BBC series) and - of particular interest to devotees of this page - an impressive weekend schedule with many hours of arts programmes on the Now Channel. Ten months later the companies have merged to form British Sky Broadcasting and the same set of and Marco Polo satellites. So what can viewers expect now if they buy a satel-ite outfit costing £300 in England and Wales and £350 in Scotland and North-

week spent with B Sky B these days produces the overwhelming impression overwhelming impression that the company title is a misnomer. It should be called American Sky Broadcasting. In its short life BSB commissioned and produced a considerable quantity of British programmes, however high the proportion of imported material in the total nutput. Virtually none of it seems to have survived the merger. That won-ierful conglomeration of weekend arts programmes has vanished with-out a trace; the BBC repeats have lisappeared; the British made soap pera set in space, Jupiter Moon awful admittedly) has gone; and the British series about motoring, health, politics and so on, presented by people such as Robin Day, Salina Scott, and Mike Smith have all melted into

Today, whatever time you choose to sample the B Sky B output, you ruickly get the feeling that you might almost be sitting in Pittsburgh or Kansas City. Here are the notes I nade last Tuesday after tuning into he satellite just after 9.00 pm and apping around Channels 1 thru 9 (as hose of us soaked in American culure say). A Sky dish now brings you they still be singing falsetto when 12 satellite channels, but 23 of them they are 65? Just about the best

are either unused, scrambled, or broadcasting in Japanese or German. Channel 1, Sky One: Rear View Mirror, a rather nasty American TV drama (1984) starring Lee Remick as a woman touring in a camper wagon who is taken hostage by psychotic escaped convicts. It is edited in that familiar American fashion which sets but deliberately to make the sets out deliberately to make the sets. out deliberately to make you scream and put your hand to your mouth: the

and put your hand to your mouth: the baddy who has been run over suddenly reappears at the open window of the truck, for instance.

Channel 2, Sky News: Still the most impressive of the satellite services, and the one most likely to tempt FT readers to buy a dish. The presenters are less formal than their counterparts at the BBC and ITN, and in some cases their interviewing skills are not what you expect from a are not what you expect from a national, never mind international, service. Some of the reporters are less than brilliant too: reacting to news of Rajiv Ghandi's assassination, an Indian woman with tears in her eyes says "I just didn't feel like going to work today" whereupon the reporter asks "What was you reaction to the news?" Yet there is nothing quite like a 24-hour service if you are specially interested in news, and - that fatuous question aside — coverage of the assessination is pretty competent.

Channel 3, Sky Movtes: Scrambled, and we have still not paid the subscription for the de-scrambler card.

This costs £10 a month or £110 p.a. for either of the two film channels (The Movie Channel was added as a result Movie Channel was agned as a result of the RSB merger) or, if you subscribe to both, £15 a month or £165 p.a. At present they are showing an American television drama called Do You Know The Muffin Man? about child sex abuse and although the pictures are scrambled the soundtracks. audible. Someone is saying "Venereal disease, did we run? No! We all took

Channel 4, Sky Sports: Soccer, England v. Russia live from Wembley. Those without a dish have to wait until 11 o'clock to see recorded high-

lights on BBCL.
Channel 5, MTV: 24-hour rock video channel. The Bee Gees are just finishing squeaking, "Secret Love". Will



The Movie Channel shows baseball film Eight Men Out': where's the 'British' in B Sky B?

things on MTV are the graphics sequences used for channel idents; they change frequently, and are not far behind the standard of Globo Bra-zil, world leaders in this field. The movie-clip programme which follows is American, and sheer puffery. There is not even a pretence at the sort of independent view you get on BBC1's

Barry Norman programme.

Channel 6, Screensport: American basketball, Portland v. LA Lakers, with crowd noise transmitted at such a level that it is virtually impossible

to hear the commentators.

Channel 7, Lifestyle: News in Japanese with English sub-titles. During the daylime this channel carries American soap operas, American chat shows, American game shows and American advertising features. Is there really enough demand to justify these Japanese programmes at night, or is this just an indication of the power of the Yen, and the way that Japanese commerce is building the last of the world's great empires?

Channel 8, The Movie Channel: Scrambled picture, a voice is saying "You do not have America, okay?" The film we cannot see is The Experts with John Travolta. It flopped when released to the cinemas in 1989 and has since been limited to video and

Channel 9, RTL: First of the European channels, this one in German. I check it because late in the evening at weekends it screens what appear to be Tyrolean "Carry On" movies with the pratfalls and chase sequences interspersed with lots of vigorous and jolly sex. They are very repetitive and sadly uninventive, but do have the great novelty of not being po-faced and American. However, tonight they are simply doing the Ghandi assassination in German. This particular night was given an

unusually strong British flavour by the football match. Unfortunately Surosport, the channel formed by a consortium of European public service broadcasters including the BBC, which used to provide the best quality sports programmes on the satellite, has recently been taken off the air. Flicking in and out of the two remaining sports channels for a week or so proves that it is most unusual to come across a live international football match and far more common to find American saloon car racing, American ice hockey, American baseball, American basketball, British snooker, Australian Rules football

and Australian rugby league.

Most common of all, however, seems to be American "all-in wrestling", a ludicrous farrago which makes the old British version look like the essence of authenticity. When I switched to Sky Sports at 11.15 pm on Wednesday two men called "The Nasty Boys", dressed all in black, had handcuffed a man in police uniform to the ropes and were ostensibly punching his head and kicking him in the genitals. Their acting was so poor that, whatever angle the cameraman

adopted, you could clearly see the huge gaps between the Nasty Boys' feet and fists and the "policeman's"

body.

Yet the sense of being wholly immersed in American life and culture is most striking during the daytime. It comes from the language of the old American game shows, set in shopping malls (rhymes with balls) with prizes of compact automobiles or thousands of dollars, and those paculiarly from that shows ("Yuh peculiarly frank chat shows ("Yuh mean yuh actually helped him select which of your dresses he was gomna wear?"). Above all it comes from the endless "Advertising Feature" programmes where demonstrators, of a sort that you used to see on the treated floor of Caracter in the 1986. ground floor of Gamages in the 1950s. display astounding expertise with plastic contraptions for dicing carrots, or some patent device for painting the panelling on a door. The only British connection is the address where the

trusting viewer can send 239.95 plus 24.95 postage and packing.
All this added to the perpetual gumplay of the drama series creates an image of American culture which is depressingly repellant, especially for someone who has always had great respect for their belief in freedom, lack of hypocrisy, friendliness, willingness to try, and so on. As for the image of "British" Sky Broadcasting — that looks very sad indeed.

Christopher Dunkley

Joe Jackson

HAMMERSMITH ODEON

Few students of the Royal Academy of Music, of any music college, make it in pop.

Musically they are over
adequate; amotionally they
find it hard to cope with the compromises, the hype, the sheer chanciness of the

Joe Jackson is the great exception. But his tempous position as here to a besetted minority while unknown to the mass confirms that an ability to wander round the stage playing any instrument that comes to hand, to compose melodies for every pop mood, from swing to salsa, and a talent for writi sensitive and provocative lyrics is conclusive proof that proficiency and pop are rare bedfellows.

He comes on looking like Tin Tin, a thin, halding, diffident figure, and settles behind an electronic keyboard to play his hit "Steppin" out" while the other members of the band slip on and gradually join in. The trick is repeated almost two hours later to bring an agreeable but scarcely essential evening to a conclusive end. It is like idling in a bath of warm water, quite pleasant but rather pointless.
There is no reason why

violin, guitar, harp and her own lungs. At the end you wonder why you have not enjoyed the good humour, the variety, the sheer musicality of it more. You mean to go out and buy Joe's albums, but chow you never get round

with an appealing new recruit in Mindy Johnston beefing up Jackson's vocals with

dynamic personality or take a committed uncompromising stance on global issues, but his dilettante approach hardly demands a reaction. This is unfair since his lyrics are as approx at these of Elvis

angry as those of Elvis Costello, who he sometimes

approaches, and right on enough to satisfy every floating trendy. Songs like "It's different for girls" and

"I'm the man" strike all the Ultimately it is the range of his music which distracts.

You settle into a little Latin

groove and then Jackson projects you into "It's all too

for a love song, too melodic to prick the skin. It sees up the full extent of Jackson's

angst: the variety of choice

in supermarkets is "too

The band is excellent.

ojects you may a clever ach", which is too clever

Antony Thorncroft

La Villegiature

LOUVAIN-LA-NEUVE

Jackson should have a

love effair with 18th century comic intrigue, so bewildering to everyone else, scales a new height at Louvain-la-Neuve, where a specially constructed stadium with an open stage (dimensions: 34 metres wide, 20 metres deep) give a face-lift to one of the most inconsequential examples of the genre.

La Villegiature means "a

La villegamer means "a stay in the country" and that is what Armand Delcampe's production, set in the countryside just beyond Brussels, invites. His lakeside stage is a mesh of marble piezzas and canals. lakeside stage is a mesh of marble piazzas and canala, gondolas nestling against bridges, and balustrades, fountains and palm trees popping up to form instant waterside gardens. In Goldoni's trilogy, Venetian merchants dress up, argue nose and fall in love.

venerata merchants cress up argue, pose and fall in love, as they prepare to go on holiday, get there and regretfully return. A young girl marries one of them but loves another, burlesque *comoretti* — lusty servants, an elderly sunt and a young the bitter-sweet follies of the

central trio. So much of the plot is a comic coming and going, with trunks and crates and birdcages and hatboxes, that it's hard to separate the actors from the props. Delcampe's cast look beautiful and move with Commedia dell' Arte grace and precision. A chase round the stage and up and down the bridges by Cecco (Daniel Hanssens), a Falstaff figure with wheelbarrow,

takes several minutes and is funny simply because of the size of the set.

The gains throughout are the comedians, especially Hanssens and Gerard Vivane's foppish Ferdinando, a cunning jester who cuts capers in the air while twirling his victims and their inheritar metaphorically round his little finger and sing-songing Goldoni's banal dialogue ("Vive la joie, vive le plaisir, vive la villegiature") in a flutter of mock-eries.

The losses are the more serious roles, Goldoni's comedies — he wrote around 300 — are about amorous gamesmanship, not fullblow passion, but in these dimensions the lovers have to play up bravura display of tantrums and hysterics, which allow for little subtlety of glance or gesture.

Yet, some fine humour endures here — the lovelorn Leonardo (Robert Guilmard), locking himself in his trunk, so that a talking suite wheeled around the stage, characters knocking at its lid when they wish to address the immate - and the sheer imaginative scale of the production wins out. The sun sets on the lake, reflections shimmer as sky and plot darken, there's a ballet and a wind-quartet and a carriage drawn by wooden horses which courses about to the accompaniment of Vivaldi: a perfect evening out, which happens to include a play.

Jackie Wullschlager

Royal Ballet at the Met

The Royal Ballet will return to the New York Met for a two week season from July 8-20, its first visit for eight years. The season will include Anthony Dowell's 1987 staging of Swan Lake; Kenneth Macmillan's Manon; and a triple Bill which includes Ashton's Scenes de ballet; MacMillan's most recent

Winter Dreams; and David Bintley's Still Life at the Penguin Cafe.

The 80-strong company will include Darcey Bussell, Viviana Durante and Bruce Sanson, Irek Mukhamedov, formely of the Bolshoy, and Principal Guest artist Sylvie

The Houston Mozart festival

- For its Mozart bicentenary titles while he sang Ewa Malas-God-xelebration, the Houston Grand Opera lewska delivered the Queen's second staged the last five operas: Figuro,

Don Ginoanni, Cosi, the Flute and —

entreplece and most exciting of all welve performances of Lo clemenzo is Tito. The operas ran for a month, cometimes two at the same time;

here are two theatres in the Houston-nouse, holding 2,172 and 1,063.

Planning for the festival began five evivals of 1986-88 productions by the ate Göran Jarvefelt and are played in sentially in the same set (by Carl Priedrich Oberle): a spacious Drottningholm-suggested room, differently lecked for the various scenes, with wo portals on each side and an arch at the back that can open onto vari-ous vistas. I thought it - like much of Jarvefelt's work - serious but a little iry, schematic, and colourless. Well-known Mozart singers had been engaged: Karita Mattila (Anna and Fiordiligi), Renée Fleming (Countess and Elvira), Deon van der Walt (Ottavio and Ferrando), Thomas Allen (Count and Giovanni), Renato Capec-chi (Bartolo and Alfonso). Nuccia Focile was a lively Sasanna. Chris-toph Eschenbach conducted all three operas, insofar as I heard them, seriously and well.

The Flute was a revival of Frank Corsaro's 1980 production, in Maurice Sendak's fubsy picture-book decor, staged this time round by Mr. Sendak himself. My own English translation was used, and so I especially enjoyed Robert Orth's very clear words, as Papageno; one didn't need the super-

aria with fiery brilliance. All three performances (I missed the Cosi) were performances (I missed the Cosi) were good, but they were "revivals," restaged by assistants. The Tito was more vivid, and altogether remarkable, and I confess that on my Houston visit I skipped an act of Figuro and mach of Gaoanni to all across into the smaller theatre and hear and rehear it, with rapturous enjoyment.

Tito was once as highly esteamed as any of Mozant's operas. Covent Gar-den's 1974 production showed why. So did the Houston production, where one could hear Tito in the context and as peer of the other masterpieces. Daniel Heartz, in his moving new book Mozart's Operas, calls it "the most modishly up-to-date work that Mozart left." He points out that in 1791 opera seria was not a dead form to which Mozart, on commission, cyn-ically reverted. On the contrary, everywhere except in Vienna (where the European formured comedies) it the Emperor favoured comedies) it flourished. In 1786 Mozart revised and wrote new music for Idomeneo; in subsequent years he composed one great opera-seria scena after another; the Tito commission brought him at last the opportunity of writing a full serious opera transcending the opere serie of Paisiello and co. as fully as his Figuro had transcended the light-weight charm of Paisiello's Barbiere.

Metastasio's Tito was a famous challenging libretto. Gluck, among many others, had already set it. Vol-taire had called Titus' interview with Sextus and his subsequent monologue

"scenes worthy of the finest that Greece ever produced, if not superior... worthy of Corneille when he is not ranting, of Racine when he is not flimsy ... scenes founded not an oper-atic brand of love but on the noble sent orang or love out on the noble sentiments of the human heart." Mozart set them as such, and in Houston they were played as such. Peter Kazaras (emboldened, perhaps, by his recent Met Taminos) was the most effecting Titles I have heared at the contraction.

Julius Patzak's, many years ago. Lorraine Hunt, the Sexius, poured out heart-touching tones with Janet Baker-like fearlessness, radiance, and artistic discipline and integrity.

The third principal, Marquita
Lister, the Vitellia, was equally
remarkable. (Londoners who heard her Bess may already be agreeing, but ahe was new to me.) A graduate of the Houston Opera Studio, she is tall and

beautiful, with dignity and force and grace in both her physical and her vocal demeanour, and a vocal prowess combined to dramatic instinct which should destine her to be our next important Elvira, then Anna. With "Nonpiù di fiori" she held the house spellbound. Stephen Wadsworth produced, and

he had inspired his cast to an elo-quence that made one lorget that the recitatives are (probably) not by Mozart. Thomas Lynch's set, Dunya Rami-cova's coatumes, and Peter Kaczo-rowksi's lights created a colourful and dramatic Rome seen, in the 20th cen-tury, through romanticising late-18th-century eyes. Vegetation softens the grandeur of the classical masonry,



Marquita Lister, a remarkable Vitellia in 'Tito'

but the costumes remind us that, even while this opera (which, like the Flute, presents a model of a responsi-ble ruler) celebrated Leopold II's coronation, his sister Marie Antoinette was on the path that led to the guillo-

John DeMain, the musical director of the Houston Opera, conducted players evidently aware that — as Memet-

schek. Mozart's first biographer out i - "every part, even the most modest instrumental voice, combines to enhance the most beautiful unity of the whole." This Houston Tito was a coproduction with Scottish Opera. May it in Britain prove as thrillingly potent as it was in Houston.

Andrew Porter work for the Royal Ballet,

INTERNATIONAL TODAY'S EVENTS

BARCELONA

Palau de la Musica 21.00 Riccardo Chailly conducts Royal
Concortgebouw Orchestra in laydn's Symphony No 44, Schoneberg's Five Orchestra Pieces and Schumann's Third Symphony, Tomorrow: Bruckner's Fifth (317 1141)

BERLIN

Komische Oper 19.30 Rolf Reuter conducts Harry Kupter's new production of Carmen, Tomorrow: idomeneo (2292 555) Deutsche Oper 19.30 Stefan Soltesz conducts Manon Lescaut, also Sat. Tomorrow: Aida. Sun: Giselle (3410

reviethaus 20.00 Fabio Luisi conducts Berlin Staatskapelle in Mahler's First Symphony, plus music by Haydn and Stravinsky. Tomorrow: Justus Frantz plays Mozart (2004 762)

Staatsoper unter dea Linden 19.00 Batakava Dansk Company Tel Aviv. Tomorrow: Heinz Fricke conducts Der Rosenkavaller. Fri and Sun:

Spartacus (2004 762)

Philharmonie Kammeri

20.00 Hartmut Haenchen conducts Bertin Philharmonic Orchestra in Aribert Relmann's Double Concerto **■ LONDON**

1988/90) with soloists Ulf (1920/90) with sciolass of Hoeischer and Wolfgang Boeticher, plus music by Webern, Bach, Haydn and Mozart, also tomorrow, Fri and Sat. Sun and next Mon: Theater des Westens 19.30 Ballet

of the Deutsche Oper in works by Hans van Manen, Roland Petit and Balanchine, also tomorrow. Pri and Sat: three ballets by Christopher Bruce (3190 3193)

BONN

Oper 20.00 García Navarro conducts Verdi's Requiem with soloists Margaret Price, Waltraud Meier, Francisco Araiza and Ellero d'Artegna. Tomorrow: Pelleas et Melisande (773667)

FRANKFURT

Alte Oper 19.30 Dmitri Kitaenko conducts Frankfurt Radio. Symphony Orchestra in Ligeti's Melodien, Schumann's Piano Concerto with Andras Schiff, and Prokofiev's cantata Ivan Groznyi. Also tomorrow and Fri (1340 409) English Theater Kalserstrasso 20.00 Alan Ayckbourn's Absurd Person Singular, runs till June 30 (242 3160)

GOTHENBURG

Konserthuset 19.30 Neeme Jarvi conducts Gothenburg Symphony : Orchestra in music by Beethoven, Borodin and Lars-Erik Larsson.

Repeated tomorrow (167000)

MUSIC AND DANCE Covent Garden 19.30 David Correct various 19:30 bavies Bintley's new full-evening ballet Cyrano, music by Wilfred Josephs. Also Sat (240 1088) Collegue 19:30 Tim Albery's new

production of Peter Grimes with Philip Langridge in title role, also Fri. Tomorrow: Stephen Oliver's new opera Timon of Athens. Sat-The Cunning Little Vixen (836 3161) Royal Festival Heli 19.30 Kurt Sanderling conducts Los Angeles Philharmonic Orchestra in Bruckner's Fourth Symphony and Beethoven's Fourth Plano Concerto, with Richard Goode. Tomorrow: Leonard Statkin conducts the Philharmonia (928

8800) Queen Elizabeth Hall 19.45 Haydn and Mozart programme with London Soloists Chamber Orchestra. Tomorrow: London Jazz Orchestra. Fri: Northern Sinfonia

THEATRE Shakespeare is currently enjoying a boom in London's theatre life. The New Shakespeare Company has just opened its season with A Midsummer Night's Dream, directed by Ian Talbot, with Roy Hudd playing Bottom (Open Air, Regent's Park). The RSC repertory at the Barbican includes Love's Labour's Lost directed by Terry Hands (tonight and tomorrow) and Much Ado About Nothing directed by Bill Alexander (Fri). The Bloomsbury Theatre is showing the first all-black British production of Antony and Cleopatra, directed by Yvonne Brewster (071 387 9629).

The Peter Hall Company's production of the Shakespean comedy Twelfth Night runs till Sat (Playhouse), Phone Theatreline: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

NEW YORK

DANCE Metropolitan Opera 20.00 American Ballet Theatre in Twyla Tharp triple bill. Tomorrow, Fri and Satt triple bill including Raymonda Act ill (362 6000)

New York State Theater 20.00 NY City Ballet in three works by Balanchine plus Souvenir de Florence. Tomorrow: triple bill including Peter Martins' Ecstatic Orange, music by Michael Torke. Fri: all-Robbins evening (870 5570) THEATRE The following shows Off Broadway

can be recommended: Dark of the Moon, the 1945 Appalachian mountain love story using authentic ballads and regional music of past eras (The Acting Studio, Thurs to Sat); The Way of the World, a modern-dress version of William Congreve's 18th century classic satire of marital fraud and sexual politics (Public/Susan Stein Shiva Theater); The Subject Was Roses. Frank D. Gilroy's Pulitzer Prize-winning 1964 play centring on an uneasy Bronx family reunion (Roundabout Theater); and Breaking Legs, Tom Dulack's comedy about what happens when some Mafia godfathers want to invest in a Broadway show (Promenade Theater).

Ticketron (246 0102) answers

inquiries and sells tickets

PARIS

Opéra Bastille 19.30 Myung-Whun Chung conducts Götz Friedrich's new production of Samson et Dallia, with a cast led by Hanna Schwarz, Vladimir Atlantov and Alain Fondary, also Sat and next Mon. Fri: Marek Janowski conducts Orchestre Philharmonique de Radio France (4001 1616) Chatelet 20.30 Anne Sofle von Otter sings Berlicz's Les Nuits de Eté with Ensemble Orchestral de Paris conducted by Armin Jordan. Tomorrow: John Ellot Gardine

conducts Mozart's Mass in C. Fri and Sun: final performances of Lluis Pasqual's production of Entführung conducted by Gardiner (4028 2840) Salle Pleyel 20:30 Alain Lombard conducts Orchestre de Paris in The Rite of Spring and Debussy's Prelude a l'apres-midi d'un faune, with Michel Benet soloist in

Mozart's Oboe Concerto. Repeated tomorrow (4563 0796) Théthe de la Ville 20.30 Jean Gaudin Company presents La Dame aux Camelias, new ballet set to soundtrack of Callas singing La traviata, also Fri and Sat. Tomorrow: Jean Gaudin dances solo (4274 2277)

■ ROME

Teatro dell'Opera 20.30 Bruno Bartoletti conducts Rigoletto, with Leo Nucci in title role and June Anderson as Glida, also Fri. Tomorrow and Sat: Piccinni's Iphigenie en Tauride with Katia Ricciareili in title role (463641)

■ VIENNA

Stastagger 19.30 Ballet triple bill with works by Balanchine and John Neumeier, also Fri and Sun. Tomorrow: Idomeneo. Sat: Cosi fan tutte (51444 2960). Fri and Sun at Theater an der Wien: Claudio Abbado conducts revival of Luc Sondy's Vienna Festival production of Don Giovanni, with Ruggero Raimondi in title role and Marie McLaughlin as Zerlina (586 1676) Musikverein 19.30 Vaciav Neumann conducts the Orchestra of the Vienna Musikhochschule in music by Krenek, Bartok and Dvorak, with Tzimon Barto plano soloist (505 8190) Konzerthaus 19.30 Nicholas

Harnoncourt conducts Vienna Symphony Orchestra in symphonies by Beethoven and Haydn, plus Mozart's Plano Concerto No 22 with Rudolf Buchbinder, Fri: Affred Brendel plays Mozart, Sat and Sun: Chailly conducts the Royal Concertgebouw Orchestra (7124 6960)

ZURICH

Operahaus 20.00 Carlos Kalmar conducts Ponnelle production of Die Entführung aus dem Serail. with Robert Gambill as Belmonte and Gunter von Kannen as Osmin, elso Fri. Tomorrow: Die Zauberflöte. Sat: new production of John Cage's Europeras (251

Tonhalle 20.15 Erich Leinsdorf conducts Tonhelle Orchestra in Strauss' Don Quixote and Brahms Third Symphony. Repeated tomorrow (201 1580)

European Cable and Satellite Business TV

HONDAY TO FREDAY

(all times CET)

1230-1330 Moneyline
1230-1300 CNN Market Watch
1330-1400 Business Day
2000-2030 World Business Totay
a joint FT/CNN production with
review of the day's major business evides ness stories 2300-2330 World Business Today 0100-0130 Mc

Superchannel 0700-0830 Financial Times Bust 9700-0830 Financial Times Business Report
A five minute business briafing broadcast three times between 9700 and 6800
2220 - 2250 (Wed) Financial Times Business Weekly - the latest round-up of business news with James Bellini and Debbie Middle-ton.

ton. 0830 & 2030 (Thurs) Financial Times Business Weekly Sky News 1200 International Business

Report 2130 (Thurs) Financial Times Business Weskly SATURDAY

0800-0830 Moneyline 0800-0830 World Business Today a joint FT/CNN production 1540-1610 Moneyweek 1540-1610 Moneyweek 1900-1930 World Business This 2110-2140 Your Money

SUNDAY 1800-1830 FT Bus 1930-2000 FT Business Weekly 2330-0030 FT Business Weekly Sky News 1030-1100 FT Business Weekly

0710-0740 Moneyweek 1540-1610 Your Money 1900-1940 Moneyweek 0040-0110 Inside Busin

FINANCIAL TIMES

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Wednesday May 29 1991

Mr Rifkind is stuck in a jam

yesterday's much-trailed speech on transport with the observation that Britain's traffic congestion is the sum of millions of "free" decisions taken by ordinary people on how they will get from A to B. his speech went on to list many useful initiatives designed to encourage more freight to go by rail, worthwhile on environmental grounds but marginal in terms of reducing congestion on the roads. But none of his announcements appears to do anything to change those mil-lions of individual decisions which "seem likely to choke our towns and cities"

Mr Rifkind's description of decisions about transport as "free" will produce a hollow laugh on the 7.45 from Dartford and in cars trapped on Britain's choked roads. As with all economic decisions, free-dom of choice about which type of transport to use is constrained by price and availability. Road consumption is free at the point of use and alterna-tives to the private car are often absent or greatly inferior. so it is hardly surprising that millions of people "freely" choose to jump in a car and

join the jam Improving the availability of alternatives is not difficult but it can be costly. London's new crosstown rail link from Paddington to Liverpool Street, for example, will cost £1.4bn for just seven miles. Light railways offer a less expensive option and are described by the transport secretary as having the potential to be "quick, convenient and attractive" (a judgment which the users of the London Docklands Light Railway might question).

Cheap options

But apart from mentioning the schemes already planned for Manchester and South Yorkshire, no new projects were announced. At this point in the public expenditure cycle, it would have been unrealistic to expect new announcements involving significant invest-ment of this order. Yet listing two light railway projects agreed some time ago hardly amounts to a "highly signifi-

public transport much more attractive, such as the tighter parking controls already in the pipeline. Dedicated bus lanes also improve the attractiveness of public transport, so long as they are kept free of parked cars and delivery vans. Mr Rifkind plans to encourage more red routes which penalise illegal parking and ban deliveries and this will certainly assist buses on the chosen routes. However, past experience suggests that priority routes merely transfer congestion elsewhere and may even encourage more car journeys in the absence of disincen-

Road pricing

And it is the absence of disincentives for road use – a price to pay for using a com-modity in limited supply – which is so disappointing. All that Mr Rifkind could announce was further research into urban traffic congestion. which would include an assessment of the possible role of road pricing. This research will take two to three years.

Arguably the market for road-pricing research is already suffering a glut, with academic research supported by policy papers from leftwing and rightwing think tanks to provide broad political support. And the city of Cambridge has decided to go ahead with a road-pricing scheme to solve its intractable congestion. This is a promising initiative, not least because the size of the city and its limited road connections to the outside world make it an ideal test-bed. At the very least the government should lend its support and encouragement to the Cambridge experiment and do its

best to ensure it does not fail. Mr Rifkind is right to focus on the individual decision to use road space in seeking to tackle traffic congestion. But by shelving the issue of road pricing in favour of further research, the day is postponed when supply and demand can be brought into balance. This may appear astute - no politician wants to go to the polls with a new charge on drivers. But it is short-sighted and ensures that congestion will remain a scourge of the UK's There are some relatively towns and cities, not to men-

If Mr Saddam stays put

BRITISH and US policy towards Iraq is in a muddle. President George Bush and Mr John Major have declared that UN economic sanctions against Iraq must remain in force until President Saddam Hussein is removed from power. The essence of the policy is to let Iraq stew in its misfortunes until one of his cronies is forced to overthrow him. Most people, including the Iraqis, are as keen as Mr Bush and Mr Major to see the Iraqi leader responsible for two Gulf wars replaced as soon as possible, but the Anglo-American strategy looks wrongheaded on several counts.

For a start, Britain and the US do not enjoy the support of the other permanent members of the UN Security Council in their efforts to shift the sanctions goalposts. As the Soviet ambassador to the UN is right to point out, the sanctions are against Iraq, not against Saddam Hussei

Second, the argument widely employed last year against prolonged sanctions (and in favour of war) to drive Iraq out of Kuwait remains as powerful as ever: it is the Iraqi people, not the privileged elite in the ruling Ba'ath party who suffer from sanctions, and they have no democratic means of translating their resentment into

Revised view

The revised Anglo-American argument goes something like this: with sanctions in place the regime will have no money. this: with sanctions in place the regime will have no money, and without money it will not be able to buy the loyalty of its supporters. One of Mr Sad-dam's associates will take con-trol of Iraq. The country will still be gratifyingly united but will have been rid of an embarrassing and destabilising lead-ership. UN resolutions justify the demand for his removal, because Resolution 678 authorises UN members "to restore international peace and secu-rity in the area", and Resolution 687 says sanctions will be reviewed in the light of the policies and practices of the government of Iraq". President dam, in sum, is bad policy, bad practice and bad for peace and security.

because it undermines the authority of the UN by stretching the wording of UN resolutions too far. Nor does it explain what alternative there Anglo-American climb down if the Iraqi leader survives, as he has a habit of doing.

Reversed argument

There are already signs that his government is beginning to regain a measure of confidence after crushing the post-war uprisings in the Shia Moslem south and the Kurdish north of Irag Mother Teresa is due to visit the country this week at the invitation of the authorities; the Kurds are finding it more difficult than expected to secure an agreement for an (whose safety they fondly hoped would be guaranteed by the introduction of democracy throughout Iraq); and Mr Abdul-Razzak al-Hashimi, one of Mr Saddam's ministers, has of Mr Sadnam's ministers, has cleverly turned the sanctions argument on its head by saying that democratisation will have to wait until sanctions are lifted and iraqis have enough to eat.

Dealing with Iraq in the aftermath of the allied victory was never going to be easy. America's numerous critics in the Middle East swing wildly between blaming western interference for the region's problems and demanding more interference in support of their own aims. Kuwait's human rights abuses and lack of lead ership have taken the shine off the allied victory, and the Gulf states are in complete confusion about their future secu-

All the more reason, then for the west to stick to the let-ter of the UN resolutions it has using UN sanctions to pursue the understandable but proba-bly impractical attempt to overthrow President Saddam by economic pressure alone. The sanctions should be used as a lever to ensure the destruction of Iraq's military arsenal and to prevent the murder of Iraqi Kurds and other citizens. Sanctions lose most of their leverage if the This policy is faulty not because of its aim – the over-throw of Mr Saddam – but lifted by complying completely with UN resolutions.

outh Africa is passing through a kind of polit-ical puberty. Apartheid delayed its onset, treatdelayed its onset, treating blacks as minors with no political rights or responsibilities, allowing whites to rule supreme without interference from the ruled. Now apartfrom the ruled. Now apartheid's iron grip has been relaxed, and the growing pains have begun. In the bloodied streets of black South Africa, the battle is on for power in the post-apartheid era.

South African political leaders strut and fret daily over the violence, which has attended

violence which has attended apartheid's demise. But behind the apparently petty disputes, the tantrums and the ruptures which have marked South Afri-can political life in recent months, there has been a pro-nounced shift in the balance of power. Conservative whites within the police have fought their corner with vigour, sometimes with the active or passive assistance of government.
The Inkatha Freedom party has provoked a surge of Zulu nationalism which has carried the party to national prominence; as a result, the African National Congress - the least belligerent of the parties, and the most vulnerable - has suffered grave political damage. Fifteen months ago, when

Mr Nelson Mandela, ANC deputy president, was released from prison, there were two main players on the South African political stage: the gov-ernment and the ANC. Now there are three, for the vio-lence has demonstrated that South Africa will find no political solution without the narticipation of Chief Mangosuthu Buthelezi, leader of the mainly Zulu Inkatha party. Before the killing started, anti-apartheid activists dismissed him as a regional leader of little consequence; they have now been

taught to think otherwise.

There can be no doubt that, at least on one level, violence has served the political needs of the ruling National party and of inkatha, to the detri-ment of the ANC. Government ministers deny, with predictable vehemence, that Pretoria's own police have played an important role in the killings; but the weight of eye-witness accounts, and the evidence of endless television footage, is overwhelming.

Police have sometimes shot Inkatha supporters, restrained them and occasionally disarmed them. But in many more cases, they have looked away as Inkatha attacked, or trained their guns on ANC sympathisers. It does not take much to ignite tribal and political hatred in a black township; in the current circumstances tensions are always near the surface. Some rightwing members of the police have clearly exploited this to their advan-

Support for the ANC has suffered; for the violence has stirred ethnic fears in almost every South African community. Most victims have come from ANC ranks: "People are beginning to say, if we join the ANC we will be killed," says one senior ANC official.
Indians and Coloureds, who
might have supported the
ANC's policy of non-racialism,
are now looking to the National party to protect them. Zulus who owed a loose allegiance to Mr Mandela as a national hero are falling back on the narrower Zulu national-

As violence continues South Africa's balance of power has shifted, writes Patti Waldmeir

A bloody transition



Battle front: armed protesters confront a policeman in Soweto

members of minority tribes are turning to Inkatha: in the lawless atmosphere of the townships, the image of the warlike Zulu dressed for battle is a powerful one.
Indeed, as one senior Nation-

alist argues: "The violence made the point that apartheid failed to make: that the prob-lem of ethnicity, black ethnicity, is real in South Africa." The implication is that vio-lence has demonstrated the need for power-sharing in a society of multiple races, tribes and cultures. And it has yielded a chastened ANC one which Pretoria clearly pre-fers as a more realistic negotiating partner.

But the price of the ANC's

ship violence by outlawing inflammatory displays of Zulu

militancy.

The ANC can rightly claim credit for this ban; Mr Mandela effectively forced Pretoria to impose it by carrying out his threat to block talks on a new constitution. constitution. Indeed, over the past six weeks, the ANC's tactic of imposing successive ultimatums on government appears to have paid off out-witted and outmanoeuvred by the Nationalists consistently since talks began, the ANC has now succeeded in grasping the negotiating initiative from Pretoria. Its new tough line is also helping its image in the town-ships, where - in the words of one senior ANC official speak-

To tame the violence black leaders must summon the political will for restraint

chastisement has been high. "It [violence] is just harming us now, it is hurting business confidence and undermining support for a new constitution. not to mention the human suffering," says the same Nationalist.

In recent weeks, Pretoria has finally begun to demonstrate the political will to stop the killing. It has banned the carrying of dangerous weapons in unrest areas - including so-called "cultural weapons". the implements of 19th-century warfare (the knobkerrie, the assegai, the panga) which the Zulus insist are part of their traditional dress. If rigorously enforced, the ban should reduce the potential for towning before the change in strat-egy - "90 per cent of our sup-porters think we've sold out". Though it plays well in the townships, the ANC's decision to boycott constitutional talks largely symbolic. No such talks are under way, and little progress in planning them was expected before the ANC elects a new leadership at its national conference in early July. Indeed, the prospect of that election could help to explain the ANC's new militancy: ultra-radical local activists will dominate the electorate at the conference: the ANC's leadership must prove its own radical credentials now - or risk

being voted out of office.
But the anger evident among

be enough to halt it. For the fighting has revived dormant tribal animosities, provided set off cycles of revenge. At its worst, it is simply inexplicable, bestial and terrifying beyond South Africa is not Beirut, or

even French-ruled Algeria; the scale of the slaughter has not reached those levels. But for the moment, violence has blocked the path to a post-apartheid future. Apartheid repression has given way to a climate of intolerance and fear, for black South Africa, it has proved a poor exchange indeed.

ited from whites; but if intolerance is not their fault, it is a

Personal view

Too high a price

By John Grieve Smith



with professionalism and impartiality – including the police commander in Soweto itself. But President F W de meadline inflation figures would suggest. But while growing unemployment will eventually bring down the rate of increase of wages and costs to a more acceptable level, the underlying problem of the inflationary nature of the British. Klerk has simply not done enough to drag the rest of the force kicking and screaming into the new South Africa.

Police officers found guilty of continuous in meant town. of participating in recent town-ship massacres have not been ish pay bargaining structure will remain unsolved. The prosecuted; local commanders who side with Inkatha are not reduction in capacity during the recession will mean that sacked, or moved from town-ship duty. Township deaths are rarely investigated thoroughly, any significant recovery is likely to lead to an acceleration of the wage-price spiral. and charges seldom brought. All of this must change if the

ANC leaders is not merely feigned for electoral purposes. "To the whites in general, the

life of a black man is cheap," says a senior ANC official, repeating a complaint which is made throughout the organisa-

tion's ranks. Government offi-cials counter that almost all the killing has been done by blacks themselves. "We've

forces. Mr Mandela himself admits that there are many in

the police and army who act

There is a growing feeling that it is time to consider whether there is a better way violence is to be controlled. But as Mr Ken Owen, South Africa's most prominent politito tackle inflation. Whereas any form of pay policy was vircal commentator, points out in a recent article, orders from tually taboo a year or so ago, the trade unions, the Labour the president alone cannot front bench and the prime minrestore law and order. "The sad fact of the matter is that ister's policy unit are now all gingerly exploring the possibil-ity of reforming the pay barthe SAP (South African Police), as an instrument of order, is

gaining structure.

Why has the wage-price spiral been so intractable? It is difficult to attribute it any lonlargely ineffectual. It has been profoundly corrupted, first by apartheid and then by the ament to authors it any ionger to excessive trade union power. The basic problem is rather that individual wage negotiations are governed entirely by the immediate interests of the employers and employees involved, and take regime of the 'securocrats' (the government of former President P W Botha), and the damage has been compounded by age has been compounded by the loss of legitimacy, poor training, meagre manpower." He concludes that the police are incapable of ending vio-lence except by paramilitary means — "in effect, large-scale massacre" — a South African habit which no party, least of all the ANC, would wish to no account of their wider impact on the general level of prices. This failure has been accentuated by the trend towards decentralised pay bar-gaining and the emphasis on productivity deals. Firms in South Africa's black parties, too, cannot shirk responsibility industries with high productivity increases, or in service sec-tors which are not subject to for the continuing violence. They can blame apartheid for the culture of political intolerforeign competition, negotiate high pay increases which then spread throughout the econance which they have inher-

escape. To tame the violence black leaders, too, must sum-mon the political will for productivity, and prices in general inevitably rise.

The only positive way to tackle this problem is to find a The danger is that, although the genesis of the violence is means of getting both employ-ers and unions to take account political, politics alone may not of the wider implications of their pay negotiations. There is growing acceptance of the case for greater co-ordination, but should be achieved. The first essential is that the government of the day, the TUC and the Confederation of British industry should hold discussions to agree on a general pay policy as a framework for indi-

omy. The resulting increases in money wages are far greater than the average increase in

vidual negotiations.
In my view, however, such an agreement is unlikely to be effective without some arrangements first to monitor what is going on, and then to bring pressure to bear on all concerned to reach settlements

in line with the agreed policy. in me with the agreet pointy.
For the essence of such an
agreement is that individual
groups of workers hold back
because they are confident others will do likewise. Such confidence is essential: the problem
is to derice the suprepriate is to devise the appropriate machinery to ensure it without returning to a regime of statu-tory compulsion. For such a regime is now generally regarded as unfair in principle, as it only covers those whose as it only covers those whose pay scales are settled by collec-tive bargaining, and dangerous in practice, because any major disputes that threaten to break through the policy become a challenge to the government or

A new approach is needed. One way of tackling this would One way of tacking this would be to set up a Pay Advisory Commission to monitor pay claims and settlements.* It would have the authority to make representations to both parties in any pay negotia-tions, and to give them advice during any recourse to concili-ation. It would cover both the private and public sectors and private and public sectors and would play an important role in providing a source of inde-pendent advice in public sector negotiations and to the Pay Review Bodies (which should

be amalgamated).

The commission would not have any statutory power to impose settlements or act as final adjudicator. But it would have the power to refer a dis-pute to binding arbitration. Such arbitration would take into account the agreed national guidelines; and the commission would act as a "friend of the court" in the arbitration proceedings. This power to refer disputes to arbi-tration should be used only sparingly; but it would as a last resort provide a means of avoiding (or minimising) dam-aging and unpopular industrial action, particularly in the public services, and containing attempts to breach the policy. Both unions and employers

are understandably concerned at the constraints any such moves could place on their freedom to negotiate in what they consider their own best interests. But both have also a great deal more to lose if the alternative means of attacking wage inflation involve heavy casualties in the form of job losses, plant closures, and bankruptcles. And on a wider plane, there is a more fundamental political and moral issue facing the main political parties: are we going to restore full employment as an essen-tial economic objective or are we going to accept the return of mass unemployment, once banished, as a permanent and essential feature of our eco-

essential feature of our eco-nomic system?

* The author's report, Pay Strategy for the 1990s, IPPR, 30-32 Southampton Street, Lon-don, WC2E TPA, £7.50. The author, is senior bursar of Robinson College, Cambridge.

Destination unknown

■ The biggest surprise about Jean-Martin Folz's departure from the deputy chief execu-tive's slot at Pechiney, the French state-owned aluminium and packaging group, is that no-one knows yet where he is going. Folz's career has been an

unbroken ascent through the classic training grounds of the French élite, from the Ecole Polytechnique and the School of Mines, through various ministerial offices, to the top ranks of public and private industry. Highly esteemed by the pontiffs of the French industrial establishment, such as Jean-Louis Beffa, the chairman of glass and construction materials group Saint-Gobain, Folz is widely reckoned to have been the man actually running Pechiney, while chairman Jean Gandois divided his attention between France and Belgium. where he also heads the Cockerill steel group. In recent months, however, Folz seemed unhappy about his lack of authority over American

National Can, Pechiney's newly acquired US subsidiary. A month ago, he could have expected a helping hand from Roger Fauroux, industry minister in the last French government and himself a form Saint-Gobain chairman. But Fauroux himself has been out of a job since the change of government two weeks back. Moreover Folz looks to have the wrong political colouring for a state-sector chairmanship under the government of Edith Cresson, even though he shares with the new prime minister a spell with the

Golden egos American Barrick's Peter Munk is one of those larger than life figures in an industry that seems increasingly

dominated by accountants and bankers. He has made and lost

Schneider group.

OBSERVER

several fortunes along the way, and like Sir James Goldsmith is a friend of Lord Hanson and thinks of himself as a big picture man.

Having emigrated to Canada from Hungary in the 1950s, 63-year-old Munk is more com-fortable talking about French wines and the ski runs at Klosters than about the nitty-gritty of gold mining. An early hi-fi venture was a disaster, but a move into hotels down under with help from Saudi power-broker Adnan Khashoggi was more successful.

Nevertheless it is in the gold industry that Munk has really made his name. Early plans to make a bid for Consolidated Cold Fields (now part of Han-son) were laughed out of court. But Munk has transformed Barrick from a struggling upstart into a major and respected player.

It will be interesting to see

how well he works with the predators' predator, Sir James.

Flag furled ■ The Union Jack is being hauled down in Hong Kong six years ahead of the colony's reversion to China in 1997. centrating on the dog fight between Britain and China over who controls the colony and its proposed £7.5bn airport, Swire's Hong Kong based off-shoot Cathay Pacific Airways has bowed to reality and

started removing the flag from the tail fins of its 42 jets. The excuse is that there is less of a case for the 45-year-old airline to fly the flag now that Hong Kong is taking over air services agreements previously held on its behalf by the UK. The real explanation is that it was clearly impractical suddenly to remove the flag from all the aircraft on the handover

night of June 30 1997. So some-

it as aircraft paintwork is over-

one hit on the idea of doing



"I'm celebrating the end of the war."

hauled. Four planes have been fixed so far, and the rest will take three or four years. There's also a hidden reason for the hurry. If no Union Jacks are displayed in the immediate run-up to 1997, there will be fewer grounds for China to press that its flag should appear instead. From now on, Cathay's spokesman says, the airline will be show ing a "clean green tail".

Fickle trade ■ Take two City public rela-

tions men who entered the House of Commons in the 1970s on opposing sides. Both are around 50. One is now a knight and quietly bowing out of poli-tics in order to pursue his bustness interests. The other is pondering the most important decision of his career. Sir Ian Wrigglesworth who used to be the public voice of National Girobank before he skipped into parliament, first for labour, then the SDP - has decided to become a

full-time businessman rather

than gamble on retaking Stock-

ton South for the Liberal Democrats. He is deputy chairman of Livingstone Group, a pri-vately-owned Middlesbrough firm with developing links on the Continent The other ex-City PR man, of course, is Prime Minister John Major.

Wrong again For a brief moment yesterday, the UK's oft-criticises Central Statistical Office seemed to have worked a minor miracle.

Just two months into the

econd quarter, and the CSO had apparently produced full national accounts figures for the first quarter of 1991. Margaret Thatcher would have been proud of such efficiency. Unfortunately, as things turned out, the CSO was back to its bad old ways. The cover and contents page of the latest issue of Economic Trends (price £11) were wrong. All that was really on offer was full figures for the final quarter of last year. Statistical buffs will have to wait till June 24 for the real thing.

Spiels on wheels A colleague had a bizarre a A colleague had a hizarre conversation with an open-topped Rolls-Royce parked on London's Jermyn Street the other day. As she approached the vehicle along the footpath, a computerised voice shouted in an American accent: "Stay away from the car!" Inquisitive, she took a step nearer. "You are too close to

the car," the voice warned.
But my colleague could not resist gazing inside at the soft leather seats and gold-plated steering wheel.
As she did so, the car grew even more agitated. "Perimete violation," it screamed, twice. "You can't threaten me," she retorted. But it did. "If you do not move away from the car, the alarm will sound," it two..." She backed off.
"Thank you," the car said.

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harity, Mr Robin Guth-rie, chief charity com-missioner, said when presenting his annual report this month, has always pro-vided a way for individuals to contribute towards a more caring, responsible society. If the state of the voluntary sector is taken as the test of the extent to which contemporary Britain is caring and responsible, this may be the moment for depression to set in.

sion to set in.

The day after Mr Guthrie presented his report, the National Society for the Prevention of Cruelty to Children, one of Britain's dozen biggest charities, announced "painful action" to reduce a 23m operating deficit through job losses and service cuts.

The NSPCC — patron Princess Margaret — is not alone. Most large charities are suffering a decline in income. Many less well-known, tightly-financed local voluntary organisations have been forced to close and more will follow.

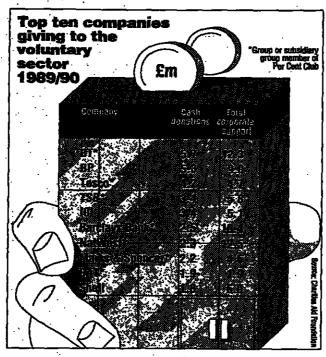
sations have been forced to close and more will follow. Part of the problem facing the voluntary sector stems from a straightforward reduc-tion in individual donations as high interest rates take their toll on giving. This is com-pounded by the combined pressures of recession, inflation and conflicting government signals: the government wants the voluntary sector to expand but cuts in public-sector funding and increases in VAT are key causes of its contraction.

Organisations active in the employment training field have been hit by government reductions in its employment and youth training budgets. The National Council for Vol-untary Organisations (NCVO) calculates that more than half the 66,000 training places pro-vided by the voluntary sector - largely for disadvantaged groups - have disappeared. In London, many borough councils have cut their voluntary sector budgets, and politi-cal disagreement on the London boroughs grants committee - which holds the former Greater London Council's grant-making responsibili-ties - has prevented it from agreeing a budget for the cur-rent financial year. Even if the budget could be agreed, Mr Serge Lourie, the Liberal Democrat councillor who chairs the

committee, says more money from the government and else-where is needed to meet the needs of Londoners. Britain's charities had hoped the government would concede a long-running demand to ease the sector's annual £200m VAT burden in this year's Budget. Instead, the chancellor threw in a few VAT concessions which will save charities about

Council cuts and a fall in giving are taking their toll on Britain's voluntary sector, says Alan Pike

Sweet charity turns sour



increase in the VAT rate from 15 to 17% per cent will cost the sector an extra £33m.

For many voluntary sector leaders, the VAT blow under-

mined at a stroke the govern-ment's initiatives in payroll giving and gift-aid schemes. "One of the government's Budget measures lifted the £5m tax limit on donations through the gift-aid scheme," says Mr Julian Hopkins, director of Care Britain, an overseas charity. "It really is a bit of a joke. I don't believe many charities have had the problem of people wanting to give them more than £5m lately. My problem is that 1 will have to raise another £100,000 in voluntary

donations just to pay our higher VAT hill."

The looming financial col-lapse of sections of the voluntary sector comes as the gov-ernment is anxious that it should grow and take over wel-fare responsibilities on con-tract from statutory agencies. This objective surfaced again most recently in last month's consultative document on local

government reform. New-look iocal authorities will be expected to adopt an "enabling" role, contracting out service deliv-ery to the voluntary and pri-

The voluntary sector is

divided over government contracts. Some charity directors and trustees fear their organisations' campaigning activities would be blunted by becoming service providers to the state. They would, however, offer greater financial stability. Contracts will enable voluntary organisations to make proper strategic plans for three to five years ahead rather than having to rely on grants which can be cut at any moment," says Michael Whitlam, director-general of the British Red Cross. Big organisations such as the Red Cross are likely to flourish under contract fund-ing. But there are fears that the future could become more precarious for many small, locally-based groups which already face the worst of the cuts in local authority funding.

ment Foundation, which promotes community involvement in regeneration projects, warned in a recent report that contract funding would "drive wedge between professional ised service organisations, which can work to standar-dised contracts", and smaller

groups.

Mr Pesh Framjes, a charities consultant at Binder Hamlyn, the accountancy firm, and the co-ordinator of the Charity Finance Directors' Group, which provides a forum for financial managers from about 200 charities to exchange views, believes the outcome may be more positive. "I hope the big charities might sub-contract to smaller ones. rather than try to dominate all service delivery in particular

There is growing apprecia-tion within charities of the need to eliminate unnecessary costs, improve managerial efficiency and training and develop clearer priorities. Mr Framjee's group is working on several basic initiatives, such as a car purchasing co-operative to give voluntary organisations stronger buying power. Next month, the NCVO will publish a Voluntary Sector Manifesto, setting out its maintestor, setting out its framework for the 1990s. It will emphasise that central govern-ment funding will remain a "crucial and irreplaceable com-ponent" of income if the voluntary sector is to widen its role. The manifesto will call for a government-promoted code of good practice on public fund-ing of voluntary organisations. This would set out "reasonable This would set our "reasonable expectations" in the funding relationship, devise mechanisms for avoiding conflicts of interest, and acknowledge that charities need sufficient funds to deliver services and to run

efficient organisations. The manifesto will call for the immediate introduction of the government's Charities Bill
- which will give the Charity Commission greater powers to tackle abuse and strengthen financial management – and wider VAT and business rate exemptions. The NCVO and the commissioners hope the

bill will be enacted during this Perhaps the most urgent challenge is the need to boost individual giving. Directors of a group of the biggest charities will next month consider a joint marketing campaign to promote the concept of charita-ble support in a more con-certed way. If successful, it could make the sector less dependent on public funds – but it would be costly, and, paradoxically, may get off the ground only if the government helps finance it.

Edward Mortimer

In touch with the Dutch



In just over a month's time the Netherlands will assume the presidency of the European AFFAIRS dency changes

months, and as a general rule more fuss is made about it than it really warrants. It is, of course, a good "peg" for news-paper articles charting the Community's progress, and highlighting the role of one particular member state. In the next month you can expect to see quite a few articles on the Dutch role in Europe. I am getting mine in early.

My excuse is twofold. First, I

was in The Hague last week for a conference on parliamentary democracy and international gemocracy and international security policy, sponsored by the Dutch koreign and defence ministers. Second, the next semester promises to be a peculiarly important one in the history of the EC: it is supposed to see the completion of the twin inter-governmental conferences which have, by the end of the year, to agree on the transformation of the Commu-nity into an economic, mone-tary and political union.

A compromise is perhaps now in sight on economic and monetary union, if the British government accepts the loophole of being allowed reserve its own position while others commit themselves to a fixed timetable. But the nature and scope of political union remains the object of hitter diserable confusion.

The Dutch do not seem well placed to thrash out a compro-mise, because on two key issues they are nowhere near a median position, but way out on a limb. On defence they are extreme Atlanticists, even fler-cer than the British in their determination that European defence be organised only within Nato, and that the EC do nothing which might look like trespassing on Nato's domain. But whatever the EC does do it wants to do it in its own right, using the suprana-tional institutions - Commission, Council of Ministers, Par-liament, Court - bequeathed to it by the Treaty of Rome; whereas both Britain and France wish to keep foreign and security policy as a matter

European political union will be forged under the leadership of a divided government which lacks a strategic vision

for discussion among national political leaders, who meet as the European Council and take decisions only by consensus. The fervent Atlanticism of the Durch has come as a surthe Dutch has come as a sur-prise to those who remember the great difficulty the Dutch government had, in the early 1980s, in agreeing on and stick-ing to its decision to accept US cruise missiles on its territory – a decision opposed by a mas-sive and highly-articulate peace movement. Is it the same peace movement. Is it the same country which joined in the Gulf war with such enthusiasm, encountering very little domestic opposition? It is. The Dutch as a nation

were never pacifists, nor even anti-American. But their approach to foreign policy tends to be moralistic rather than strategic. They feel the same moral qualms as everyone else about nuclear weapons. Many Dutch people saw

intermediate-range nuclear forces, one may guess that most ordinary Dutch people agree with the Slovak speaker who replied that the Soviet SS20 intermediate-range missiles around his home town had been removed not thanks to the western peace move-ment, but because cruise and Pershing-2 missiles were

deployed in western Europe. The Dutch remember, with a certain discomfort, the efforts made by their foreign minister in 1986, first to prevent the Erasmus Prize from being awarded to the Czechoslovak human rights group Charter 77, and then to censor the reading of Vaclav Havel's acceptance speech in the presence of the Dutch royal family, which he feared would damage the country's détente policy and undermine its relations with Czechoslovakia. That, of

The Dutch do not seem well placed to thrash out a compromise on political union, because on two key issues they are nowhere near a median position, but out on a limb

basing cruise missiles in the Netherlands as a way of unnecessarily incurring an added responsibility and an added risk, rather than a way of increasing their security.

No such considerations were

involved in the Gulf war. In this case Dutch moral revul-sion was directed against the tyrant, Saddam Hussein. And one should not forget that the Netherlands, like Britain and France, is a maritime power with a long colonial tradition. The idea that force can from time to time be used overseas, legitimately and without undue risk, comes more naturally to such states.

That said, one can also sense in the Netherlands a certain backlash against the peace movement. Although Mary Kaldor, a British peace activist, that the Dutch debate on cruise missiles had been an important part of the process

course, cannot be blamed on the peace movement, which gave much more active and timely support to Havel and other east European dissidents than did any western government. But the memory of that episode, combined with the resurfacing of old, largely unspoken fears about Ger-many, adds to a general sense that the sudden triumph of anti-communism in eastern Europe has caught all those who made east-west détente their main priority on the

wrong foot.
It is the same foreign minister. Hans van den Broek, who is now the main architect and is now the main architect and spokesman of the country's Atlanticist stance, jealously guarding Nato against any invasion of its sphere of competence by the EC. He alone, at the February ministerial meeting of the Western European Union, blocked an emerging consensus — that "the conclu-

sions of the European Council on the principles and orienta-tion of the common foreign and security policy would serve as a guideline" for WEU co-ordination in the defence field – which even the British government was willing to go along with

Mr van den Broek, who some say aspires to be Nato's next secretary-general, is as adamant that the WEU must develop only within Nato as the French are that it should develop only outside Nato, as develop only outside Nato, as part of a specifically European framework. On this point he differs from his Labour col-league Relus ter Beek, the defence minister, who sees the proposed creation of a WEU proposed creation of a WKD rapid-reaction force, even if composed of units allocated to Nato and deployed only after consultations within Nato, as "a major step in the gradual development of European political units"

Mr van den Broek also opposes any increase in the powers of the European Council, partly on Dutch constitu-tional grounds. He wishes to preserve European policy as the domain of his own ministry, rather than allow it to be taken over by the prime ministaken over by the prime minister who is supposed to be only primus inter pures, but who of course represents the country at European Council meetings. But the prime minister himself, Mr Rund Lubbers (a fellow Christian Democrat) is known

Christian Democrat), is known to have different views. If Mr van den Broek aspires to suc-ceed Manfred Worner at Nato, Mr Lubbers is believed to have his eye on the succession to Jacques Delors. Should he realise that ambition, no doubt he will become an eager defender of the Commission's prerogatives. But in order to get there, he needs the support of his fel-low heads of government; and it is between heads of govern-ment - whether in formal meetings of the European Council or in a series of bilateral discussions - that the final compromises on the form of European political union will have to be hammered out.

Mr van den Broek is a strong personality, who so far has been able to stamp the Dutch position firmly with his own views. But the special responsibilities that come with the presidency may enable Mr Lub-bers to have the last word, no matter what the constitution

LETTERS

No legal problem in banning tobacco advertising in the EC

From Mr Michael O'Connor. Sir, Your editorial ("Pipe dreams in Brussels", May 23) accuses the European Commission of using "questionable methods" in proposing a draft directive to han tobacco adver-tising but you fail to provide convincing legal arguments.

There are differences in national regulations concerning tobacco advertising in mag-azines and posters. They constitute a barrier to trade. Therefore the proposal, based on Article 100A of the Treaty of Rome, is a legitimate basis for implementing a measure aimed at harmonising regulations in the interests of creating a sin-

gie market. You go on to state, without argument, that it is debatable

Sir, There are more areas in

which the banks are stinging their business customers than

by hiking their lending mar-

For my private company I negotiated hard with National Westminster to pay 1.5 per cent above base rate for our £120,000

overlyaft - so the bank has found another method of taking money off us. It has just told us that for last year the charge for each cheque we paid

was increased from 45p to 58p (up 29 per cent) and for han-

dling £100 cash increased from

42p to 56p (up 33 per cent). It has ignored our written request for a published tariff.

From Mr Lynn Lewis.

OSITION

that any member state could invoke Article 36 to keep out material which did not abide by national regulations and you thereby imply that har-monisation is not necessary. Recourse to Article 36 is available to member states in the absence of a harmonising regu-lation and they would have a very strong case for invoking it in this instance as one of the grounds for its use, public health, is clearly at issue in the

case of tobacco advertising.
This proposal does not open the way for bans on other advertisements. It breaks no new legal ground. There is little parliamentary or public support for other bans, whereas in 1987 a public opinion survey showed that 74 per

so that we can find out if this

enormous percentage increase was standard or whether we

were being singled out; and it

has ignored our request for it to tell us what the charges will

be this year, but says they are all part of its "ongoing central review of overheads".

The bank says that our bar-gaining to get reasonable inter-

est rates means that our account is run at a loss, which

Natwest must recover on the

transmission charges. "Take a rounded view of the topic...",

it wrote to us, making me

aware that all our negotiating (for which it charged a "man-

ent fee") was pointless. The only way for small busi-

cent of people questioned in the UK supported a ban on tobacco advertising. The Euroban reduces smoking amo

pean Parliament has also voted for a ban. Two member states have banned tobacco advertising and two more are doing so to help cut the death toll of 450,000 caused by smoking. The

Norwegians have proved how a teenagers. The UK led the world in research on smoking and health, and indeed on health education, but I hope we do not hold back the Community from acting to protect young people's health and sec-uring a single market. Michael O'Connor, director, Coronary Prevention Group, 102 Gloucester Place, W1

Having to take a 'rounded view' of bank charges nesses to deal with the banks is to insist on agreeing in advance the charge for every service, and being invoiced for it, in the same way as we deal with all other suppliers. Other-wise, there is always a door open for the bank to deduct money from our accounts. Lynn Lewis

Ferry Lane,

Fax service LETTERS may be fixed on 071-873 5938. They should be clearly hyped and not band-written. Pipese set fax reactions for fine resolution.

Computers out of control

From Dr Stephen Castell. Sir, We, too, have observed

that, increasingly, major com-puter software development projects run out of control ("In May 24). It will be interesting to see

just how many such large-scale "runaways" (as KPMG Peat Marwick describes them) result in litigation which actually gets to court. Perhaps it would be a good thing if a few more did. We estimate that there may be as many as 40 projects at the £2m-plus level (once "runaways", and now rusting uselessly in the sidings) which could qualify.

A legal judgment or two might provide the motivation for computer professionals, salesmen and their legal advisers to tighten up the mar ment of the whole process of software development (particularly, perhaps, where fixed-price contracts are concerned).

As has already become clear in the field of financial analysis and audit relating to civil and criminal court action forensic accounting - a similar set of techniques for the investigation, evaluation and presentation of complex software development projects ds to be applied if lawyers and judges are to have a hope of understanding the relative merits of protagonists' contentious positions.

Stephen Castell, Castell Computer and Telecommunications, 20 Grange Road, Wickham Bishops,

Omron Electronics Europe. Excellence through quality and innovation.

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Points missed in criticism of the IAEA study of Chernobyl

Front Dr R H Taylor. find reasons to dismiss the report of the International Atomic Energy Agency's study into the impact of the Chernobyl nuclear accident on human ealth, Simon Roberts (Letters, May 23) neglects a few key

First, the report carefully states that it deals only with the health of those people liv-ing in the so-called controlled zones affected by radiation from the accident. It does not purport to draw conclusions about workers involved in the clean-up at and around the plant, or those who were evac-

nated immediately following Sir, In his headlong rush to the accident. This was clearly not reasons to dismiss the stated in the report and even Mr Roberts' "brief analysis"

might have been expected to unearth this simple point. In fact, it is worth mentioning that figures were given at the IARA conference in Vienna last week by Soviet delegates which appear entirely to refute the allegations of large num-bers of radiation-related deaths having occurred among the workers involved in the

clean-up operations. Second, it is quite true that most radiation-related health effects would not yet be expec-

long latency periods between exposure to radiation and the development of clinical symp-

This has not, however, been quite so widely understood by those who have published unscientific, anecdotal reports of large numbers of radiationrelated diseases occurring among those living close to Chernobyl. It is somewhat disingenuous to suggest that the IAEA should not look at these matters when such strong (and false) allegations have already heen made.

It does not reflect well on Friends of the Earth to attack ted to show up because of the in such an ill-founded way a

major scientific study carried out by a large number of inde-pendent radiation specialists and medical experts from many countries. It would probably be too much to expect that Friends of the Earth could bring themselves to welcome the report, but perhaps a more dignified silence would befit an organisation which has previly shown respect for scientific integrity. R H Taylor,

Head of health and safety strategy, Nuclear Electric, OMRON ELECTRONICS EUROPE

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FINANCIAL TIMES

Wednesday May 29 1991



Bush and Gorbachev closer to summit talks

By Peter Riddell, US Editor, in Washington

US differences with Moscow over the treaty reducing conventional forces in Europe (CFE), which have been holding up a US-Soviet summit, are now "very narrow", President George Bush said

Foreign ministers from the two countries will meet in Lisbon this weekend in an attempt to resolve the remaining

Mr Bush had what was termed "a

very good conversation" by telephone

with Mr Gorbachev on the issue late on Monday.

The US president said he wanted to go to Moscow for the summit and was willing to change his planned schedule to do so. The summit would be "sooner

summit was originally set for mid-February but was postponed because of the Soviet crackdown in the Baltics and the Gulf war.

Mr Gorbachev is also seeking an invitation to the annual summit of the heads of government of the Group of Seven industrial countries in London in mid-July, over which the US, in contrast with some other G7 members, has been wary. Mr Bush and senior US offi-cials will be holding talks in Washing-ton later this week about new Soviet economic reform plans with a delegation headed by Mr Yevgeny Primakov, a close adviser to Mr Gorbachev. The White House said yesterday that

Dates of late June or early July have been mentioned in Washington. The state, and Mr Alexander Bessmertnykh, the Soviet foreign minister, would discuss the CFE issue at a meeting in Lisbon on Saturday where they will be attending the ceremonies mark-

ing the end of the Angolan civil war. According to the White House, Mr Gorbachev told Mr Bush in their telephone conversation that he was optimistic that the CFE problems could be settled soon. The CFE treaty was signed last November but the US argues that the Soviet Union has been trying to circumvent the agreement by reclassifying some ground units as naval forces, which are outside the

treaty.

Mr Bush said that if the Soviets

moved a little bit on CFE, there could be an agreement and then the two countries could move quickly to close discussions on a separate treaty to reduce their strategic nuclear arsenals

Leyla Boulton in Moscow writes: Mr Vitaly Ignatenko, President Gorbachev's spokesman, said Mr Bush and Mr Gorbachev had agreed in their phone call that the summit would definitely go shead, but he gave no date. He said they did not talk about the G7 issue in conversation.

Meanwhile Mrs Margaret Thatcher the former British prime minister, said during a visit to Moscow that she believed President Gorbachev should

rather then later." he said. US keeps up pressure for Soviet reforms

Washington is still involved in developing Moscow's economy, writes Peter Riddell

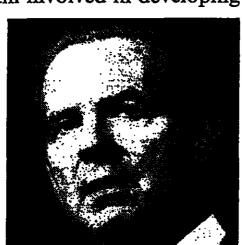
OT FOR the first time President Mikhail Gor-bachev has put President George Bush and other western leaders on the spot. Mr Gorbachev is publicly asking to be invited to the Group of Seven heads of government summit in London in mid-July and the Soviet gov-ernment is pursuing a twin official/unofficial appeal for economic assistance. If these calls were rejected outright it would look like a brush off, and the west unresponsive to

Soviet reform hopes.

But Mr Bush does not want to give unqualified backing for a vague commitment to longpromised, and never delivered economic changes, not least because of rumbling from American conservatives that he is too friendly towards Mr Gorbachev. In short, the US risks seeming negative when Mr Bush wants to sound posi-

The Bush administration's policy towards Moscow has undergone several phases – an initial wariness, warmer relations from September 1989 to June last year, then a cooler period until the end of the winter as Mr Gorbachev moved away from the reformers, the violent crackdown in the Baltics occurred and arms control

talks ran into problems. Yet even in the most strained period Mr Bush never criticised Mr Gorbachev per-sonally. While US contacts with the republics and internal groups have broadened, the US still believes that Mr Gorbachev is the best hope for reform and that its interests are not served by the disintegration of the Soviet Union.



James Baker: independence formula

Eduard Shevardnadze: influenced thinking

US policy has shifted again to closer relations with Moscow. This is largely in response to the agreement last month between Mr Gorbachev and nine of the republic leaders, and his bridge-building with Mr Boris Yeltsin, the Russian president. US thinking was particularly influenced by the visit to Washington at the start of this month by Mr Eduard Shevardnadze, the for-

mer Soviet foreign minister. There are, of course, problems, notably arms control on which the timing of the post-poned bilateral summit in Moscow depends. Mr Bush was, however, more optimistic yesterday about progress in resolving the remaining prob-lems on implementation of the treaty reducing conventional

forces in Europe.

The Baltics remain a worry. Mr James Baker, the US secre-

tary of state, recently told the Baltic states' leaders that the US favoured an independence formula which allowed Moscow

to save face.

The central difficulty is the rapid deterioration of the Soviet economy. Mr Baker said last week that "even with the tentative steps towards politi-cal accommodation, Soviet eco-nomic reform has a long, long

way to go".

"We and almost everyone else are convinced that prime minister (Valentin) Paylov's anti-crisis programme will not work. We believe the Soviet leadership urgently needs to embrace fundamental market economic reform.

US officials have been closely involved in discussions about new Soviet plans. Mr Robert Zoellick, a key state department architect of Soviet policy and the US administra-

tion's top sherpa involved in preparing for the London sum-mit, last week met Mr Grigory Yavlinsky. He is a main author of the plan known as "The Grand Bargain" along with Harvard professors such as Mr Robert Blackwill, who was until last year the senior Soviet and European adviser on the National Security Coun-

This week an official Soviet team is in Washington headed by Mr Yevgeny Primakov, a close adviser to Mr Gorbachev. He saw the heads of the International Monetary Fund and World Bank yesterday and will see Mr Bush later in the week. Mr Bush said recently that he wants to help "genuine reform" and does not want to "pull the rug out" from under the Soviet leader.

The western response may

 An invitation to Mr Gorba-chev to attend a special session of the G7 summit separate from the main meeting, in which he would not participate. This compromise - now being floated, though not agreed - is aimed at preventing the Soviet leader from dominating the summit.

• A joint G7 declaration stat-

ing that reforms must depend on the introduction of basic property and contract rights as bilisation plan, tying any west-ern assistance to a specific agreement by Mr Gorbachev.

Technical assistance and advice, mainly led by the IMF and World Bank, of which the Soviet Union would become an associate member. It would also become an observer member of the General Agreement on Tariffs and Trade.

 Direct financial help would be limited, partly because of a shortage of resources in most G7 countries, as well as an unwillingness to provide unconditional credits. ● The US itself will provide technical assistance on food distribution (possibly linked to

partial or total granting of \$1.5bn in farm export credit guarantees) and on improving oil production. The administration may also propose granting the Soviet Union most favoured nation trade status after the passage of a law liberalising emigration from the All this would be presented

as a means of the Soviet Union helping itself and of reinforc-ing political change. Mr Bush goodwill. wants to be seen as encourag-ing reform without signing a blank cheque.

The banks take care of the pennies

So much for relationship banking. Given the grand talk from the UK banks a decade ago about fostering small busiago about ascering small oun-ness, there is an irony about their present punishment of little customers to pay for their higger mistakes. The recent had press may provide some evidence that in imposing electively wider interest margins, the banks have marshalled what protection they can against the general bad debts in their UK loan portfo-

night lose the struggle to break even in the first half.

The banks may have been opportunistic and insensitive in their handling of unbereble in their handling of vulnerable clients. It is a different matter to prove they are actually exaggerating the effects of recession. All that can be con-cluded is that there has apparently been no change in the long-term weakness of competi-tion in UK small business lending. While strong customers are presumably not paying much of a premium, most bor-rowers have no choice to speak

Still, the idea that margins might somehow come under downward pressure if politi-cians pick up the complaints is a curious one. For the last decade and more, banks' real margins have been falling rapidly, as a result both of inf tion and of foolish lending practices prompted by a chronic surplus of capacity. Lending spreads, for example, have fallen by nearly one third since 1986. Whatever the banks get away with against their customers, the long-term under-performance of the sector against the market may last a while yet.

Newmont/Barrick

The proposed merger of Newmont Mining and Ameri-can Barrick looks a smart deal for almost everyone involved. American Barrick gets the bits it wanted when first snifting around Consolidated Goldfields five years ago. The two compa-nies combine neighbouring mines in Nevada and become the world's second biggest gold producer. The merger route avoids future earnings being diluted by the amortisation of

Meanwhile, Sir James Gold-mith ends up with a smaller piece of a bigger company. This scarcely involves loss of control, since he had little to start with. But it ought to make his holding more liquid; and if history is a guide, he can look forward to a better return

FT-SE Index: 2,479.7 (+8.6) Banks

FT-A Index relative to the FT-A All-Share Index 1970 75 80

rick's shares have outperformed Newmont's by 460 per cent in the past five years and by 16 per cent since Sir James acquired his Newmont stake last October.

The chief remaining question about the deal is how the various parties will work together. Operating management aside, the merged com-pany will have to accommodate two large and entrepreneurial shareholders, Sir James and Barrick's Mr Peter Munk. It will be interesting to see whether it is hig enough for both.

UK farmland

UK fund managers have been kicking off their green wellies for years. But last week's decision by Guardian Royal Exchange to put its farming subsidiary British Field Products up for sale is notable for its sheer scale. The 22,500 acres includes the single biggest holding of vacant UK farmland to come on the market for 20 years. The £38m guide price implies that purchasers are unlikely to be indulging a reckless passion for the English countryside.

Historically, prices of UK farmland have been dictated by investors whose hearts rule their heads, as well as by individuals with tax problems, and by the whims of the City institotions. There are now signs that the fundamentals of farming are reasserting themselves. Pension funds and insurance companies have roughly halved the size of their agricultural land portfolios since 1986. What interest there has been in recent months appears to have been fuelled by serious farmers seeking to add to their

Stripping out residential properly and other non-agricultural assets, the value of UK

farmland has halved in real terms over the last eight years Contra-cyclical investors will no doubt take note. But if the UK economy can hardly get worse, the tidings from Brussels are unlikely to get better in the short term the outlook is in the short term the outrook is bound to be clouded by the Urugusy Round and the US-led international effort to cut farm subsidies down to size. Even if the Common Agricultural Pol-icy is allowed to continue its free-spending ways, there is now a growing political band-waggon to devote a much larger share of resources to smaller, more murginal produc-

Westland

With Mr Michael Heseltine back in the UK Cabinet, the government could do without another row over Westland That is one reason for opti-mism that the Ministry of Defence will eventually sward the contract for the EH101 antisubmarine helicopter to the IBM-Westland consortium. The existing helicopter business. which yesterday produced a rise in operating profits of just over 50 per cent, is not doing badly. All the same, Westland still badly needs the EH101 or

the long awaited Saudi Black Hawk deal to secure its long term future. The shares are trading on a historic pie of 10, which puts them at a substantial premium to other aerospace companies The gap would grow if the orders were confirmed. That would be a nice opportunity for GKN to offload its 22 per cent stake. British Aerospace as the mooted buyer would have to look snappy if it wanted to pick up a bargain.

Rolls-Royce

If the outlook for Rolls Royce really were as bad as suggested at its annual meeting yester-day, then the 10 per cent pay cut taken by its chamman, Lord Tombs, would be modest indeed. It may perhaps be suspected that part of the gloom is there to justify the group's massive redundancy pro-gramme. Granted, 1991 locks like a tough year with high development spending, defence cuts and the downturn in civil aviation eating into profits. But with its wage bill contained and costs under cuntral the company should be highly geared to the eventual upturn in air travel. Though this may be some time coming, the shares are now trading on a reasonably attractive yield of

Opec countries ready to boost | N Korea's UN move oil output to 23m barrels a day should ease tensions

OIL MINISTERS are expected to agree a slight increase in oil production at next week's meeting of the Organisation of Petroleum Exporting Countries (Opec) in Vienna. Ministers could raise the

organisation's production ceil-ing from 22.3m barrels a day (b/d) to as high as between 22.8m and 23m (b/d) in the third quarter.

Seven Opec ministers meet-ing in Iran this week heard estimates for an increase in demand for oil later this year as consumption rises from last year's depressed level.

Uncertainty over the Gulf crisis and high oil prices pushed demand unusually low in the fourth quarter of last year. The call on Opec oil is expected to pick up to 24m b/d this year, even with no improvement in the US and UK

A rise in the output celling will give each producer room to sell a little more oil. Opec members are expected to reach agreement without difficulty on most issues, including pricing, at their



Celestino Armas: expected new Opec president

meeting on June 4. The organisation will probably repeat its commitment to the \$21 a barrel target price for oil although the market price is still some way below this

The closer relationship between Saudi Arabia and Iran is likely to moderate Opec's

price aspirations in the short term. Iran has softened its stance on oil prices and is aim-ing to boost capacity to secure a larger role within the body.
While smaller producers such
as Nigeria and Libya are still
in favour of a high oil price,
their voices have become
weaker as Saudi Arabia has

asserted itself. The expected appointment of Mr Celestino Armas, Vene-zuela's oil minister, as Opec president is a further signal that political agreement will be easier to reach inside the frac-tious coalition.

Stepping down as president is Mr Sadek Boussena, Alger-ia's oil minister. He had clashed with other producers, over his desire for bigger cuts in output aimed at forcing

prices up more quickly. While reaching agreement for the third quarter is not expected to be difficult, Opec ministers must still address the return of Kuwait and Iraq to the export market. The US is insisting on keeping the ban on Iraqi oil exports imposed by the United Nations.

By John Ridding in Secul

NORTH KOREA, one of the world's most isolated states, yesterday announced that it has decided to apply for mem-bership of the United Nations. Its application could coincide with South Korea's move to join the international organisation later this summer. North Korea's decision

marks an important policy shift and should remove one of the principal obstacles to improving relations with its southern neighbour. It will draw the Communist totalitarian bastion into the interna-tional arena and should ease tensions across the highly mill-

tarised border. A statement by the North Korea Foreign Ministry said: We have no alternative but to enter the UN at the present stage as a step to tide over such temporary difficulties cre-ated by the South Korean

The issue of UN membership has been one of the chief obstacles in the way of improving relations between North and South Korea. The two states still confront each other across the truce line drawn at the end of the 1950-53 Korean War.

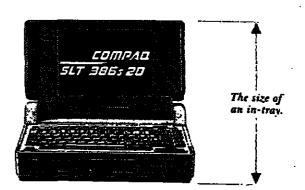
Seoul has argued in favour of the two states applying sepa-rately and simultaneously for UN membership and has previ-ously announced that it would go ahead with its own applica-tion to join the international body in the next session of the UN General Assembly, beginning in September.

North Korea's shift in policy reflects its increasing diplo-matic isolation, as cold war tensions ease in the Far East. China, which fought on its side during war with South Korea, has indicated that it is no longer prepared to veto an application on by Seoul for UN membership.

South Korean officials immediately welcomed the North Korean announcement as a " a positive step" in improving relations with North Korea.

Western diplomats in Seoul, who see no obstacles to both Koreas now joining the UN, also welcomed the news. Joining real world, Page 4

This newspaper gives you vital information and you can carry it around with you. That's given us an idea.



Newmont in merger talks with American Barrick

Continued from Page 1

gold output at prices well above prevailing market levels. In the first three months of this year, Barrick realised an average bullion price of \$428 an ounce, compared to the market price of little more than \$370. Newmont, by contrast, is one of the few North American producers to have spurned for-

The key to any link between Barrick and Newmont Gold is their extensive interests in the Carlin Trend in northern Nevada, which is one of the richest

gold seams in the world outside South Africa.

Barrick's Goldstrike mine, near the north-west corner of the seam, is already being developed into the biggest gold producer in North America. It produced 353,000 ounces of gold last year, and is expected to reach 950,000 ounces in 1992. Barrick's reserves at Goldstrike total 17.9m ounces.

Newmont operates along a 38-mile stretch of the Carlin deposit, and has access to reserves of 18.9m ounces in three main mining areas. But

develop the Deep Post deposit which straddles its own and the Barrick properties.

Barrick already uses the Newmont property for access to parts of Goldstrike, and sup-

basis. Barrick is due to mine 10m tons of ore for Newmont this year at a saving which the latter has estimated Barrick was a struggling oil and gas producer which bought its first gold property towards the end of 1983. It now

plies ore to Newmont on a con-

interests in two other small Mr Peter Munk, chairman and an Hungarian-born entre-

preneur who emigrated to Can-ada in the 1950s, has long harboured bigger ambitions.
Barrick bought a 4.9 per cent
stake in Consolidated Gold
Fields in autumn 1986. It sold the stake six months later after the British government launched an inquiry into Consgold share dealings.

Over the past three years,

Newmont has become a pure

gold company. Last year, it

Peabody, the US coal producer, to Hanson for US\$715m, in what was termed "the final major step" of its restructuring programme. The money from non-gold asset sales was used pay down group's debts, which rose sharply when Newmont successfully fended off unwelcome bid attentions from Mr T. Boone Pickens, the corporate raider, in 1987. Shares in Newmont Mining

were suspended yesterday morning in New York, but American Barrick and Newmont Gold both rose by \$% to \$19% and \$16% respectively.

owns four mines, two each in the US and Canada, and has it has made no move so far to sold its 54.9 per cent interest in

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FINANCIAL TIMES COMPANIES & MARKETS

Wednesday May 29 1991



INSIDE

Israeli carrier unveils profit of \$14m



El Al, the Israeli stateowned airline, was hard hit by the Gulf war - but not as severely as many as its competitors. The airline yesterday announced net profits of \$14.1m, avoiding the losses afflicting many

other carriers. Raphael and staff numbers had held the rise in operat-ing costs to 14 per cent. Page 22

insurance debate heats up The collapse last month of Executive Life, the US insurance company, has provoked a renewed political and public interest in regulating the industry. Talk of legislation, which would propose some form of federal supervision instead of state regulation, is widespread. Nikki Tait looks at the proposals for change.

it's all change on world markets



The small rise in the FT-Actuaries world index last week masked some significant changes in the flow of funds. In Europe, foreign investment flew back to the laggard markets of Germany and Italy as London appeared to run out of Immediate possibilities. And in the Pacific Basin, Tokyo's lethargy has been relieved by high jinks in Malaysia and a severe attack of nerves in Hong Kong. Bill Cochrane reports. Back Page

Confident words from Bouygues



Bouygues, Europe's largest construction group, is confident of good results this year. Martin Bouygues (left), the chairman, yesterday said he expects turnove to rise by 6 per cent. Although Mr Bouygues thought it was too early to give a group profits forecast, he said that the prospects for 1991

Itoman in the red

Itoman, the Japanese trading company which ran into financial difficulties investing in property and art, has announced an annual net loss of Y60.4bn (\$438m). The company was reporting results for the year to the end of March, during which it suffered losses of Y43.2bn on property deals and Y58.58bn on art purchases.

Correction: Tokai Bank

The Financial Times yesterday incorrectly reported that Tokai Bank's capital adequacy ratio fell below the 8 per cent level which the Bank for International Settlements plans to -bring into force after March 1993. In fact, Tokai's ratio is 8.05 per cent, as stated in a table which also appeared yesterday.

Market Statistics

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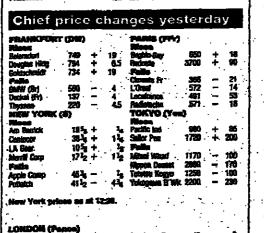
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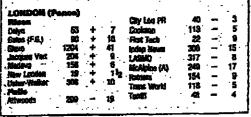
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Chief price changes yesterday





• THE FINANCIAL TIMES LIMITED 1991

Raul Gardini: hig changes before he stepped aside

Ferfin falls 20% but holds payout

By Haig Simonian in Milan

FERRUZZI Finanziaria (Ferfin). the holding company for Italy's second-largest private-sector group, suffered a 20 per cent fall in after-tax consolidated earn-ings, net of minority interests, to L248bn (\$195m) last year.
The company attributed the drop in earnings to the non-recur-

rence of extraordinary factors which had boosted results in both 1989 and 1988 and to difficulties in the chemicals business. Fertin controls Montedison, the chemicals, agro-industrial and energy group, and shares control of Fondiaria, the insurer. "Last year's level starts to

able base for future years."

Ferfin is paying an unchanged dividend of L45 per ordinary share and L75 for savings shares. It is also extending the equity buy-back programme which it announced last year. The new programme, which will run to end-December 1992, will raise the previous L150bn scheme to L200bn. Some L100bn of the initial L150bn has so far

profits," said one executive yes-terday. "It should form a repeat-

Although Ferfin made no profits forecasts for the current year, it said gross operating earnings had increased by about 14 per

heen dishursed.

pared with the same period last

year.
The signs are that the commaintained throughout 1991. Consolidated group sales rose marginally from L16,520bn in 1989 to L16,739. Gross operating profits fell from L1,974bn to L1,765bn.

Last year brought marked changes in the companies con-trolled by Ferfin, then still chaired by Mr Raul Gardini before he passed the mantle to his son, Ivan. Montedison merged with Ferruzzi Agricola Finan-ziaria and sold its 40 per cent

Europe extends

the fuse leading

to Big Bang

By Richard Waters

Federation of

NASDAO

German Exchanges

stake in the Enimont public-private chemicals joint venture.
Selling the Enimont stake, which raised 1.2,805bn before tax nd other factors, contributed to the sharp fall in Perfin's net group debt last year from L8,077bn in 1989 to L6,665bn.

The fall comes despite investments of Ll,824bn and the acquisition of the minority interests in Himont, Montedison's US chemicals subsidiary, for about L700bn. The reduction in borrowing, which has taken the debt-equity ratio down to 0.76 from 0.87 last year and 1.10 in 1988, has trig-gered speculation about possible acquisitions.

remained committed to its L7,000bn investment plan announced earlier this year Mondadori, the Italian publishing group which is to be split between Mr Carlo De Benedetti and Mr Silvio Berlusconi, reported its last set of accounts before the division.

Net earnings totalled L55.2bn
against L53.9bn in 1989. However,

the group made a net capital gain of L53.8bn from the sale of its paper-making activities.
Sales fell marginally from L2,367bn in 1969 to L2,328bn. The company is limiting its dividend to Li20 per savings share.

ICL likely to reveal Nokia **Data deal**

By Alan Cane

INTERNATIONAL Computers (ICL), the UK-based computer manufacturer 80 per cent owned by Fujitsu of Japan, is expected to announce today that it will buy Nokia Data, computer systems division of Finland's

largest public company.
The announcement is certain to cause further upset in the worldwide computer industry, which is already suffering the effects of intense price competition, falling costs of technology and recession in the US and UK. Even the larger Europeanowned computer makers may not be big enough to survive in the emerging fiercely competitive marketplace. For instance, Sie-mens Nixdorf of Germany and

Groupe Bull of France are both losing money. Nokia Data is Europe's sixth largest computer supplier.

The deal will also raise further questions about the intentions of the Japanese computer manufac-turers. They have emerged in recent years as the only substan-tial challengers to the world's largest computer manufacturer,

International Business Machines. Fujitsu is known to be intent on building a global family of inter-related computer compa-In addition to its majority stake in ICL, it holds a minority stake in Amdahl, a leading US mainframe computer manufac-turer. Yesterday it refused to

comment on rumours in Tokyo that Nokia intended to buy into ICL, consequently diluting the Japanese holding.

tion will be a simple purchase or a merger between the two compa-nies are expected to emerge today. Neither ICL nor Nokia were prepared to confirm or deny the takeover, saying only that discussions between competitors and potential allies took place contin-

It is significant, however, that an agreement between Pakia Data and Groupe Bull, which would have led to a marketing collaboration in the Scandinavian countries, was abandoned two weeks ago without explanation.

Details of whether the acquisi-

ICL is Europe's most consistently profitable large computer maker. Last week, it announced pre-tax profits of £110m on sales of £1.61bp. Nokia Data, in spite of Finnish ownership, is based in Stock-holm, Sweden, a legacy of former existences as DataSaab and Erics-

son Data Systems.

The group assembles as distinct from manufacturing about personal computers. Sales amounted to about \$1.3bn last

The company lost money in 1990; the only one of Nokia Group's six business divisions to show a negative return on net

Mr Vittorio Levi, Nokia Data's chief, attributed the loss to the soft local market. "Our problems in 1990 and 1991 are not because of the crisis in the industry but because of the recession in the Scandinavian markets," he said. urope's Big Bang has been delayed until further notice.

By popular demand, the EC's
12 national stock exchanges have
gone back to the drawing board
with a scheme for a common
share-trading system. The programme would have brought
together Europe's biggest financial intermediaries in competition for trade in the largest Eurotion for trade in the largest Euro-

pean stocks.

That will be a relief for those That will be a relief for those commercial and investment banks, many of them from European countries, still reeling from the devastating effects of London's own Big Bang five years ago. But change, though delayed, still seems inevitable.

The Federation of Stock Exchanges in the EC has been pondering moves towards a single European-wide equities mar-

gle, European wide equities mar-ket for two years. At a meeting in Athens at the end of last week, the exchanges shelved that initia-tive when they called for more work to be done on developing a business case for the idea. In the diplomatic jargon of the Federa-tion, that means the project has been suspended until further

The need for action remains, however. Take Legal & General, the UK insurance company, which has £7bn (\$12bn) invested in UK equities, compared to £600m in continental European shares. Before the decade is out, says Mr Mike Payne, senoted is out, says Mr Mike Payne, senoted the tor of investment strategy, the weighting in favour of UK shares is likely to disappear as moves towards monetary union force the company to view the whole of the EC as its domestic market. The typical pension fund managed by Legal & General has 60 per cent of its assets in UK shares and seven per cent in other European stocks. A shift in this mix creates a challenge for UK companies. Despite the trans-

prospect of a compensating flow

Source: Bank of England ouring for a single stock market on which to trade all leading EC companies. The fragmentary continental Europe, there is little nature of Europe's stock markets plays into the hands of experiof funds to the UK (the develop-ment of funded pension schemes still has a long way to go in most continental countries). Not that all investors are clamenced institutional investors who know where to get the best deal. The inefficiencies in information

flow and in dealing and settle-ment arrangements create oppor-

tunities for the alert, says Mr Patrick Gifford, a director of Lon-don-based Robert Fleming Asset Management robert Fleming has £1.5bn invested in continental

84.6 147.8

6.7

15.9

11.1

2.9

14.2

A second reason for action from the national bourses is the international development of Europe's largest companies dur-

ing the 1980s. If 50 per cent of UK companies' profits are being earned overseas, it is anachronistic to talk in terms of a UK domestic market, says Mr Payne. The third spur to action is the time-consuming and expensive process of settling cross-border share bargains. Investors and brokers who deal in overseas shares find themselves jugging shares find themselves juggling with assorted settlement periods. They must also deal with the complexity of managing foreign exchange accounts and manual settlement methods.

The European exchanges, aware of these needs - and fearing competition from non-exchanges, such as information companies, in cross-border share trading – have not entirely shelved their plans. Co-operation is still possible, though on a more

limited scale than planned. Most likely is some form of joint information system bringing together regulated news about European companies, and details of corporate actions such as the timing of dividend pay-ments. This would take time to develop, since only the UK and German exchanges are in any position to provide such corporate information. An earlier plan to carry share prices seems likely to be shelved entirely, although no decision has been made. Also, it appears unlikely that information will be sold directly to leading market users, but rather that it will be fed through existing information suppliers such as

However, little agreement has been reached on the biggest ques-tion of all: what form of trading cross-border deals. As long as this question is shelved, Europe's Big Bang will remain little more than a dream. Brokers and investors are

unlikely to complain.
"With one European market, everyone and his dog would want to get involved," says Mr Payne. "It would become more overbroked than London. Superficially, that may sound good for investors — but if it leads to more volatility in the markets, it wouldn't be welcome."

Japanese carriers blame profits slide on Gulf war

THE GULF crisis took a heavy toll on the profits of Japan's two leading air carriers, Japan Air-lines and All Nippon Airways, which both reported lower inter-national passenger load levels and profits in the year to end-

JAL, the nation's largest international carrier, said pre-tax profits tumbled 49 per cent to Y25.9bn (\$187.3m) and after-tax profits 17.3 per cent to Y13.7bn, in spite of a 5.5 per cent rise in operating revenues to Y1,118bn.

The company reported a 3.5 per cent fall in international passengers, and a 6.3 per cent fall in total distance flown by passengers. Domestic traffic increased 6.6 per cent.

Fuel costs surged 30.2 per cent

to an overall 10.7 per cent rise in operating expenses. The airline announced its per-share dividend

will remain unchanged at Y5.0.

JAL expects revenues to increase 6.8 per cent this year to Y1,194bn. Pre-tax profits are seen rising 27.3 per cent to Y33bn and after-tax profits 10 per cent to

International passenger traffic has been slow to recover since the end of the Gulf war, partly because Japanese tourists typi-cally plan vacations months ahead, the carrier said. Demand is therefore not expected to recover fully from the effects of

the war until July.

ANA, the leading domestic carrier, suffered a 19.4 per cent

Page 22

because of the Gulf crisis and led decline in pre-tax profits to Y25.4bn and a 28.8 per cent fall in after-tax profits to Y10.7bn. Operating revenues for the year were

up 9.1 per cent to Y733bn. ANA, with a rapidly expandin overseas network, boosted its international passengers by 17.2 per cent to 1.2m, but its passenger load factor still dropped 4 percentage points to 68.4 per cent.

The airline said higher fuel

costs and Japanese interest rates Pre-tax profits for the year to end-March 1992 are expected to rise 10.5 per cent to Y28hn and after-tax profits to increase 5 per cent to Y11hn on an 8.7 per cent

ICI warned of EC authority

By Our Financial Staff

IMPERIAL CHEMICALS industries has been warned by the government that any bid by Hanson, the acquisitive UK conglomerate, would almost cer-tainly be handled by the Euro-pean Commission's competition authority in Brussels rather than by the British Monopolies and Margare Commission

Mergers Commission.
The message was delivered to Sir Denys Henderson, ICI's chairman, at a meeting last week with Mr Peter Lilley, the trade and industry secretary.

Lord Hanson, chairman of the Hanson group, and Sir Denys met Mr Lilley last week to discuss the situation following Hanson's pur-chase of a 2.8 per cent stake in the chemicals combine, which is Britain's largest manufacturer. The meetings at the DTI's office near Westminster indicate

that both companies believe

political reaction will be a vital

takeover attempt for ICL Lord Hanson met Mr Lilley last week after Sir Denys had discussions with the trade and industry secretary last Wednesday.

In his meeting, Sir Denys urged the government to insist that a Hanson bid should be vetted by the UK authorities on the grounds that the company's future is of strategic importance for British industry. Hanson, meanwhile, seems content that a bid should be handled by Brus-Officials in the EC mergers task force believe a bid would naturally fall within their remit. ICI executives yesterday met their financial and public rela-tions advisers to develop a twintrack strategy to ward off a Han-

son bid and to restructure ICI's Although the two approaches will run in parallel, ICI wants to avoid creating the impression that its strategy is being driven by the threat from Hanson. factor in determining whether or not Hanson goes ahead with a

One of the most difficult ques-tions facing ICI executives is to decide how much time to devote to trying to ward off Hanson without detracting from the pressing task of running and restructuring a business that is still struggling against the reces-

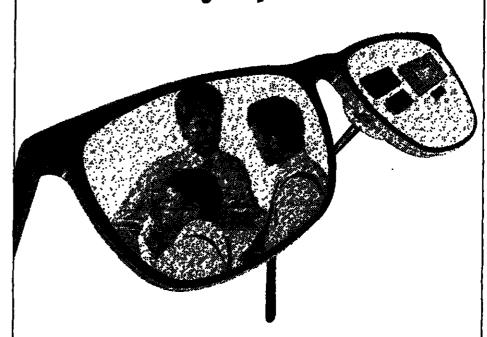
Hanson's advisers claim it is getting a positive response from its soundings among institutional investors about its approach to ICL They also believe that arbitrageurs now hold a small but significant number of ICI shares. In a separate development, it seems unlikely that the Takeover

its intentions towards ICI after weekend press speculation.

The panel believes that Lord Hanson's comment, in a Financial Times interview, that he did not want to go into any big hos-tile takeovers in the UK or the US, does not amount to ruling

Panel will ask Hanson to clarify

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INTERNATIONAL COMPANIES AND FINANCE

Hillsdown sells edible oils arm of Canada Packers

By Maggle Urry in London

CANADA PACKERS, the had sales of C\$250m in the year gramme of restructuring had Toronto-based food processing subsidiary of Hillsdown Holdings, the UK food group, is selling its edible oils division for C\$105m (US\$181.7m).

The business was put on the market last November, after Hillsdown increased its stake in Canada Packers to 56 per cent in July last year. Hills-down said it was happy with the price achieved.

The purchaser is a joint venture formed between Central Soya of Canada, a company within the empire of Ferruzzi the Italian group, and CSP Foods, a large oilseed crusher and refiner based in western

Mr Harry Solomon, chair-man of Hillsdown, said that although the edible oils busi-ness was profitable it was not a man of Hillsdown, said that although the edible oils business was profitable it was not a core activity of the company. It

By John Burton in Stockholm

SVENKSA Handelsbanken,

Sweden's most profitable

commercial bank last year, has

reported a 13 per cent rise in operating profits to SKr1.7bn (\$277m) for the

first four months of

1991, despite growing credit

period amounted to SKr378m,

an increase of 82 per cent

based on an equalisation

comparison that spreads

last year's credit losses of

bank group, yesterday reported that operating profits climbed by 59 per cent to SKr47Im (\$76.8m) during the first four

months of this year.

The improvement reflected

apparent progress in stemming

the credit losses that made

Nordbanken the worst per-

former among the main Swed-ish banks last year. However, it warned that

SKr623m evenly over the three 1990 bank strike, which

NORDBANKEN, Sweden's its credit losses and provisions second largest commercial could reach SKr3.6bn in

Credit losses during the

to end March 1990. Hillsdown took on C\$300m of debt when it bought its stake in Canada Packers, and incorporated its Canadian subsid-

iary Maple Leaf Mills into the Hillsdown said at the time that it would repay the extra debt within a year of the acqui-sition. So far C\$175m has been

Hillsdown said that substantial cuts in working capital had also been achieved. Canada Packers is the largest food processing group in Canada and is shortly to

raised through disposals, and

change its name to Maple Leaf Since Hillsdown took control

reporting periods for the year.

per cent of total lending

Interest income climbed 19 per cent to SKr2.85bn, reflecting increased borrowing due to lower interest rates.

Operating costs increased by 19

per cent to SKrl.7bn, against 20 per cent growth in income to SKr3.8on.

The bank said, however, that

operating costs rose 13 per cent once the effects of the January

1991 against SKr4.2bn last

year because of weaknesses in the finance and property mar-

kets.
Credit losses during the

period fell by 15 per cent to

SKr1.2bn. Nordbanken made

the comparison by averaging both the 1990 and estimated

1991 credit losses over the three reporting periods for the

Nordbanken up strongly to SKr471m

now been completed. Hillsdown's plan is to develop Can-ada Packers as a branded foods

It has closed two meat plants and plans to either sell or close two others. It sold its peanut butter and dairy products divi-sions and bought a pork company to add to its own busi-

Two weeks ago a proposed merger of Canada Packers' flour and bakery business with John Labatt, another Canadian food processing group, was called off because of conditions required by competition authorities.

Last week Canada Packers reported a trebling of net earnings in the first quarter of 1991 to C\$10m or 10 cents a

share, against CS3.1m a year earlier. Swedish bank advances 13%

depressed costs,

incone-cost ratio fell slightly from SKr1.91 to SKr1.81.

Handelsbanken, the country's third largest bank group, said it would try to improve profitchlitts by

improve profitability by

increasing co-ordination with

its finance company subsidiary, Svenska Finans, to

eliminate overlapping. It will also close one of its eight

Profitability increased to 6.7 per cent from 4.2 per cent a

ar ago. The rise in operating

costs by 14 per cent to SKrl.5bn outpaced the 6 per

cent growth in income to

Nordbanken confirmed that

it was cutting 500 jobs to reduce personnel costs, which grew by 3 per cent in the period once the effects of the January 1990 bank strike were

SKr4bu.

were DM504m. Mr Odewald said investdiscounted. Profitability declined to 20.9 per cent from last year's 22.1 per cent. The

The company has already announced net profits of DM120m for 1990, up by 12 per cent, and a dividend rise of DM2 to DM10.5. Turnover was 15 per cent higher at DM14.7bm, with DM17.5bm the target for 1992

Dm500m commercial paper programme, Reuter adds from Cologne.

The company said the

expansion plans over the next The issue enables Kaufhof to

Bank AG, with Commerciank AG. Dresdner Bank AG, West-deutsche Landesbank Girozentrale and Service Bank GmbH von 1954 as members of

Kaufhof considers flotation of subsidiary

By Andrew Fisher in Frankfurt

KAUFHOF, the German department store and specialised retail group, said profits rose by more than 20 per cent in the first four months of 1991. The group indicated it may float off part of one of its subsidiaries on the stock mar-

Although Kaushof gave no details of the flotation, chief executive, Mr Jens Odewald, indicated that suitable candi-dates could include its Media-Markt home electronics unit; Vobis, a computer retailing

subsidiary; or Reno, a mail order shoe sales business.

In February, 1990, 25 per cent of the group's low-price Kaufhalle store chain was sold to the public to raise DM230m. Kauthof said turnover rose 23 per cent to DM5.3bn (\$3.1bn) in the first four months of this year, 11.5 per cent was achieved in west Ger-

In east Germany, where the group has been gradually building up its activities, sales

ments would reach a new record of DM550m in 1991 as a result of expansion in east

target for 1992.

• Kauthof has launched a

programme extended its financing possibilities and pro-vided a solid basis for its

issue short-term paper with maturities of between seven days and two years minus one

Westland warns as profits fall,

WESTLAND Group said yesterday that the need for the British government to place orders for the EH101 helicopter programme - which could be worth £1bn (£1.73bn) - before the end of the year had become

The company warned that it could not exploit the aircraft's export and civilian potential without the project.

Westland's warning came as the group announced a 19 per cent fall in pre-tax profits from fil.5m to f9.4m for the six months to March. The results included an exceptional charge of £3.4m for restructuring its technologies subsidiary which specialises in defence and engineering systems.

sion about whether an IBM-Westland consortium or a British Aerospace-GEC grouping should be made prime contractors for the integration of the helicopter's systems is due in July. An announcement for the EH101's production contract is expected by December.

Analysis point out that a delay in launching production would not be unlikely as the ministry presently appears per-alysed, caught between Treasury demands and changing defence requirements.

Westland said it hoped the

production order would consist

Mr Alan Jones, Westland chief of 50 aircraft for the Royal conditions. Mr Jones said if executive, said the Ministry of Navy and 36 for the Italian said that productivity him Defence had so far kept to its navy. It expects the initial conjugations are throughout the productive actually be worth as much as group, and that the technology film, of which at least \$500m would come to the company even if its consortium loses the system integration contract. The project is a joint venture with Augusta, the Rallen man-

> The fall in profits was in splie of an increase in turnover from £194.9m to £241.4m. Saint of helicopters and support grew from £127.7m to £165.8m Karnings per share increased by 13 per cent to 6.1p from 5.4p. The dividend was maintained at 1.25p per share.

The results had been achieved in difficult trading

give subsidiary was now open sting with a reduced cost been. The Gulf conflict had hed up Burni

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Intina to

The Golf conflict has hed my stact on profits, said Mr Jones. The governments of both Saudi Arabia and the United Arab Emirates had postposted decisions to acquive Black Bank helicopters.

Westland also successweed in Westland also amounced it had won a contract worth as much as 200m to supply Gaberal Motors-Alison with engine meetles for the Sant 2000 regional striker.

The company's shares were unchanged yesterday at 122p. Lex, Page 18

New chief

Bull arm

for Groupe

GROUPE Bull of France, the

loss-making computer manufacturer, yesterday appointed hir Axel Leblois as president and chief executive of Bull MN, the company's international

arm with beadquarters in the

Bull HN has been respond-

ble for marketing the group's products in the US, the Far East and the Pacific Rim.

French in electrical goods move

By William Dawkins in Paris

THOMSON Electroménager, the household appliances division of Thomson, the French state-owned electronics group, and De Dietrich, one of France's last indepen-dent home appliances producers, are to form a joint

They are to pool the development and marketing of electric ovens and hobs in a new com-pany, De Dietrich Européene

This will join a technology development partnership, Temia, formed last September between Thomson and Fagor, the Spanish white goods producer. De Dietrich Euro-péene d'Electroménager and

BOUYGUES, Europe's largest

construction group, expects turnover to rise by 6 per cent this year to FFr60bn (\$10.3m), against FFr56.7bn in 1990,

Mr Martin Bouygues, chair-man, said it was too early to

give a group profits forecast, but that "the prospects for 1991 are satisfying".

He said the group would con-

centrate on improving margins and internal growth this year. There would be a pause in

accuisitions to leave manage-

ment free to concentrate on

integrating new arrivals, such as Losinger, the Swiss con-struction group, and Moulin de

writes William Dawkins.

Fagor will have a combined turnover of FFr8.4bn (\$1.44bn) on 1990 figures, making it the fourth largest European home appliance grouping, with nearly 12 per cent of the

The French joint venture will be 51 per cent held by De Dietrich and 49 per cent by Thomson Electromenager. They will pool development, marketing and procurement of raw materials and components, but keep the manufacture and identity of their brands strictly

De Dietrich, a family controlled electrical engineering company based in Alsace, recorded a turnover of

Bouygues forecasts 6% rise in turnover

Geel, the Belgian flour miller.

Mr Bouygues expected earnings to rise this year in construction and property development. He also sees

improvement in the group's diversification activities, which include Saur, France's third

largest water distribution com-pany; a 25 per cent stake in TFI, the country's leading tele-

vision channel; and Les Grands Moulins de Paris, the land-rich

Hour miling group.

However, profits are expected to fall in road-building, where Bouygues is France's

largest operator through Screg, Colas and Sacar.

FFr9t7m in high quality house-hold equipment last year, 27 yer cent of its total FFr3.46m sales. Thomson Electromenager last year recorded sales of FFr5hn. It holds 30 per cent of the French market through brands such as Brandt, Vedette, Sautter and Thermor.

The deal puts an end to spec-

ulation over a possible sale of Thomson Electromenager, on which the company has so far denied comment. "This new association confirms the strategy of the Thom-

son group of conserving home appliances in its portfolio of activities and accelerating its development through a policy of alliances," said the group.

group to receive FFr22.1bn of construction orders this year, up from FFr19.9bn. He said

although French orders were declining because of influen-cedby the scononic slowdown

and the squeeze on the govern-ment spending, though later-national orders were growing strongly, especially in the rest of continental Europe, Asia

Turnover in the division was

expected to rise 14 per cent to

FF121.1bm - 35 per cent of the total. The estimate includes FF12.2bn from Switzerland.

reflecting the first full contri-bution from Losinger, which Bouygues bought last June.

and the Pacific.

Mr Leblois was formerly chief executive of the Interna-tional Data Group, one of the world's largest information

technology services companies. He replaces Mr Roland Patepei, who had overseen the inte-gration of Ball HN, in which NEC of Japan has a 15 per cost stake, into the worldwide Bull group, Bull said that Mr Pam-pel had decided not to accept a Paris assignment with the company for personal reasons.
Groupe Bull, which fost
about FFrebn (\$1.03hn) left
year, is undergoing restructuring, one effect of which will be
to translate NECs shareholding in Bull HN into a stake in

the main company. Mr Leblois said his principal responsibilities would be 17 maintain continuity with the company's large US customers and to ensure its US menutec tioring plants were used effec-tively within the worldwife

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SERIES CIVAS 19 U_5.\$480,000,000 sting Rate Notes dus 200 Interest Rate 4.3125% p.e. Interest Period May 28, 1991 to August 28, 1991, Interest Psysble per USS100,000 Note (lay 28, 1991, London Sv Cifibanic, N.A., (CSSI Dept.), Agent Ban

CIVAS INTERNATIONAL LIMITED

INTEREST RATE CHANGE

AIB Bank announces that with effect from close of business on 24th May 1991 its Base Rate was reduced from 12% to 11.5% p.a.



Middlesey LIBS 1SA

AIB Bank is the business mante of Afficel Irish Banks, p Le. Incorporated a Inciand. Registered Office, Bankerstre, Ballsbridge, Dublin 4, Registered in Breland, Number 24173. Member of BMRO.

BOSTON DELTA FUND

is conformity with article 15 of the prospectes of the BOSTON DELTAFUND, the Menagement Company, BOSTON DELTA MANAGEMENT COMPANY S.A., 80, pilece de la Gara, L. - 1616 in membourg by swintal agreement with the Banques de Lazembourg S.A. as Castodian, has decided on the dissplotton of the BOSTON DELTAFUND, as of May 15th 1991 and on the distribution of its necessita amongst. The beddeen of the concession sheets. As of May 15th 1991, issues and redemptions are forbidden and any issues an redemptions of shares that take place after such date shall be mill and vold.

NOTICE OF INTEREST PAYMENT TO EXTENDED TERM DEBENTUREHOLDERS K mart (Australia) Finance Limited Extended Term Debentures due 2002

National Westminster Bank USA as Trustee for K mart (Australia) Finance Limited Extended Term Debenbures due 2002 under an Indenture dated as of July 1, 1976 between K mart (Australia) Finance Limited and National Westminster Bank USA hereby confirms fallowing.

For the Period to June 30, 1932:

1. The Minimum Redemption Price per \$1,000 principal amount of Extended Term Debentures is 5772.04.

2. The principal amount outstanding of each Extended Term Debenture is their face value, \$1,000, \$10,000 and \$100,000, respectively.

3. The interest payable on July 1, 1992 will be \$120,31 per \$1,000 principal amount of Extended Term Debentures.

The Connecticut National Bank or Trustee to National Westminster Bank USA



To the Holders of **International Income** Fund

Short Term 'A' Units Distribution and Accumulation Units in Bearer Form.

Midland Bank Trust Corporation (Jersey) Limited as Trustee of the above mentioned Fund hereby gives notice to all Holders of Short Term 'A Units issued in bearer form that with the consent of the Board of Advisure the Trustee has exercised its powers under the Deed of Trust constituting the Fund to terminate the Short Term A Portfolio as of 28th June, 1991. Such termination is without prejudice to the continuation of the Lord Term Portfolio and Short Term B Portfolio.

The net proceeds of the assets of the Short Term A Portfolio relating for Short Term "A" Units held in bearer form will be distributed among the Unitholders emitted thereto rateably in accordance with the number and type of Units held against production of the relevant Certificate(s).

Unitholders should present their Certificate(s) to the Trustee for payment at 28-34 Hill Street, St. Helier, Jersey, Channel Islands, JE4 8NR -- 17

Following receipt by the Trustee of the relative Certificate(s) and payment of the final redemption proceeds each holder of Short Term A Units will cease to have any further interest in, entitlement to or claim against the Short Term A Portfolio the Fund or the Trustee. Acceptance, by holders of payment of the final redemption proceeds shall constitute a waiver by each holder of any existing claims which they may have against the Fund, the Trustee or any of their agents, officers or employees. Any final redemption proceeds not claimed from the Trustee by former Unitholders within twelve months of the date hereof will be paid into the Royal Court of the Island of Jersey at the expense and risk of such former,

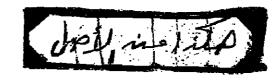
> Midland Bank Trust Corporation (Jersey) Limited Trustee Dated 29th May, 1991

Dollar bull or peak? Daily Currency and Interest Rate from Charl Amerysis Line.co Contact Anne Whitby Tel: 671-734-7174 | Fax: 971-139 4544



CAL INVESTMENTS LIMITED INVESTMENT MANAGEMENT IN FOREIGN EXCHANGE

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& Burnay bank to

BANCO Fonsecas & Burnay (BFB), a medium sized Portu-guese bank nationalised in

guese bank nationalised in 1975, will be privatised in July by-competitive auction.

The bank's sale is expected to raise about Estabu (\$300m),

but in a departure from previ-

ous privatisations only a little over a third of the revenue, about Raisbn, will go to the government. The reminder will

finance the bank's five-year

restructuring programme, which will cost Es20bn and

which with cost base by Essho.
Mr Pedro Rebelo de Sonsa,
EFB's president, said that an
auction, rather than a share

holders". Several Portuguese

and international groups have already declared an interest in

buying the bank.

Most Portuguese state-owned

banks are under-capitalised

and have inadequate provi-sions for pensions and had credits. BFB has a short-fall in pension provisions of around Re35bm, and is having to raise

these and other provisions to meet European Community

be privatised in July

holder must retain at least 66 per cent of the shares for a minimum of three years and 51

per cent of the shares for five

to 29 per cent of the shareholding in the first stage

and another 6 per cent in the second stage, bringing the total authorised foreign shareholding in the bank to 35

• The privatisation of Alianca Seguradora, an insurance com-

pany 49 per cent privatised in October 1989, will be completed

today with the sale of the state's remaining 51 per cent. A Franco-Portuguese group led by Union des Assurances de Paris, which already holds over

30 per cent of the company, is expected to win majority con-

Friends Provident of the UK

and Avero Centraal Beheer of

the Netherlands, two leading

insurance groups, have taken a

1.5 per cent stake each in Banco Comercial Portugues

(BCP), Portugal's foremost pri-

Mr Jorge Jardim Gencalves, BCP president, said the moves mark the end of the first plase of the bank's internationalisa-

tion, under which BCP established a 1.5 per cent cross holdings with Banco Popular Español of Spain and with Cariplo, Italy's state-owned savings bank.

The new British and Dutch partners will also have share-holdings in Ocidental Holding, Ocidental Vida and Ocidental

Seguros, the BCP group insurance companies, and in BCP Investimentos, the group's fund management company.

Foreign investors can buy up

INTERNATIONAL COMPANIES AND FINANCE

auction, rather than a share offer on the stock exchange which have been made with other financial institutions privatisations, "will allow greater transparency to the process and help to ensure the creation of a stable nucleus of share-

The privatisation will be split in two stages. In the first stage, whose results will be announced in mid-July, an indivisible block of 16.4m shares representing 80 per cent of the bank's share capital will be sold through a bid suction per share.
The new majority share-

at a starting price of Es2,200

Portugal's Fonsecas

N a packed hearing room on Capitol Hill, Mr John Dingell, a powerful and tenacious politician from Michigan who heads a key Congressional sub-committee looking into the USinsurance industry, listens grimly. Before him, insurance commissioners from New York, Nebraska,

North Dakota and North Carolina are trying to defend a state-based system for regulating this \$2,000bn business.

Directly below, in the basement of the same Washington building, a separate sub-committee hearing is going on. This time, it concerns Execu-This time, it concerns Executive Life, the large Californian life company which invested heavily in junk bonds and was setzed by the Californian state regulators last month.
Mr John Garamendi, who

became California's first elected insurance commissioner in January and thus can afford to throw stones, concedes that regulation in his state has not always sparkled.
Congressmen are quick to
fisten. Executive Life, after all,
had 170,000 life policies in force and was the largest insurance company collapse ever seen in the US. Pension schemes also invested heavily in its prod-ucts. This means that the fallout has been nationwide; as one lows politicism notes, there are thousands of people

affected in his state alone.

The juxtaposition of the two

Life has provoked a renewed political and public interest. Aside from Dingell, there are four Senate sub-committees and two from the House of

Representatives examining various aspects of state insurance regulation. Talk of legislation, which would propose some form of federal supervision instead, is widespread. The system which is under the political microscope grew up, almost in ad hoc fashion, in the 1850s. There have since been challenges and changes in the legal justification for state supervision, but it has per-sisted. Today, then, each state has its own insurance depart-ment, individual regulations,

melling away at the adequacy

of US insurance regulation for

and is responsible for instigating bail-out arrangements should an insurer, operating locally, go bust. (Even this is not standardised, and a few states still lack guaranty funds to cover life companies Anyone who has had dealings with the state depart-

ments tends to reach the same

hearings is telling. The Dingell sub-committee has been pumconclusion: standards of regulation vary widely. Worse, from a consumers' viewpoint, how much coverage a guaranty fund offers depends on where about three years. But last the insurance was bought. That said, defendants of the

US insurance debate intensifies

system point to the empirical evidence. Although rising recently, the number of failures in the insurance industry has been substantially lower than in either the thrift or banking sectors. These, broadly speaking, have been under federal supervision. Suggestions that federal gov-

ernment should step into the melange of state regulation have been made – and defeated - before. However, the pressures look much

irst, the investigations are being played out against the backdrop of the savings and loan debacle reckoned to cost US taxpayers \$500bn over the coming Secondly, there is the highly

competitive climate within the insurance sector at present. Thirdly, there are some experts who believe that a novel alliance has developed between some of the larger industry players and Washing-ton politicians. Insurance comioners' increasing focus on political issues, such as auto rates and health insurance, hasleft some companies distilusioned. Add in the collapse of a large, albeit maverick, insurer like Executive Life and small wonder Washington's politi-

wards to have a say. Quite what shape federal intervention might take is a more difficult subject. A rough outline of what might be considered was circulated by some of Dingell's staff some weeks ago. Broadly it suggested:

• A federal oversight agency, which could review the states' supervision and intervene if

cians are bending over back-

necessary;

• National minimum solvency standards which all insurers licensed to operate in the US would have to meet, • Federal criminal sanctions, to make looting an insurance

company through mismange-ment a federal crime; A national liquidation pro cess, handled in federal courts although states could also place companies in "reorganisation" or liquidation; and

Talk of federal regulation is widespread, writes Nikki Tait • That federal government should take full responsibility for regulating reinsurers and surplus lines carriers covering US-based risks.

What it did not propose – although some voices have urged it – is a national guaranty fund. Mr Jack Chesson, Dingell's counsel, told a New York Bar Association seminar last week, that whilst "there is a great deal of logic in a national guaranty fund", he believed "there is zero chance of Congress approving a fed-eral guaranty fund and slightly less than zero of a national guaranty fund".

he threat of federal intervention, mean-while, has not gone unnoticed by the state insur-ance departments - who dis-missed the Dingell staffers' document as a prejudgment of the issue. For many months, their umbrella organisation, the National Association of Insurance Commissioners, has been beefing up its own model rulebook, adopting minimum requirements for satisfactory state solvency regulation, and introduced a novel "accreditation" procedure. Under this,

the NAIC would grant accreditation to a state department if its regulations and operating standards were up to scratch.

while these efforts are generally praised, the problem is that the NAIC has minimal authority to force its suggestions; adoption of its model rules is voluntary. In the case of the accreditation scheme, it has attempted to get round this difficulty by stating that any insurer domiciled in a non-accredited state would have to meet the standards of every accredited state in which is does business. This would encourage companies to domicile in accredited states and by. implication, pressurise non-accredited states to fall in line.

Only on a couple of scores is there a measure of agreement: even the states concede that a federal criminal statute to cover the insurance industry would be helpful. And they are content to give federal govern-ment a limited role in the regu-lation of non-US insurers, sug-gesting that a federal bill detailing the requirements which each histograms must meet, should be implemented. However, the job of maintaining a "white list" of suitable players thereafter would still

rest with the NAIC. And there matters rest - for the moment. With Executive Life playing out in the back-ground, the debate, one suspects, can only intensify.

Zenith Electronics alters its takeover defences:

By Barbara Durr in Chicago

ZENITH Electronics Corporation has eased its poisoft pill plan to ward off poten-tial hostile takeovers. The company has increased the "irigger" for exercising share-holders rights to buy shares at

15 per cent. Under the new plan, if a hostile bidder acquires or initiates T tender offer that would result in owning 25 per cent of the company, shareholders can purchase \$75 worth of either Zenith's or the new company's

management's successful proxy contest last month against Nycor, the holding company controlled by the Giordano family of New Jersey and Zenith's largest single

Nycor said, however, it intended to continue pursue board seats at Zenith and for the company if the poison

Mr Jerry Pearlman, Zenith's chairman and president, said yesterday that institutional shareholders had pressed the company to alter the poison pill plan.

He said they felt that the low 15 per cent trigger was incon-sistent with the company's stated position of being "open to considering a wide range of alternatives that might benefit all stockholders":

The company also revealed; yesterday that its licensing and technology deal with Goldstar, facturer, has won Korean gov-ernment approval and that this \$15m share acquisition by Goldstar which was part of the

Goldstar in February when the accord was reached and yesterday said it had received the remaining \$13.55m for 1.45m shares, or 4.97 per cent, of Zenith common stock at \$10.34

Amoco Canada plans to lay off 15% of workforce

AMOCO CANADA Petroleum, which bought Dome Petroleum for C\$5.2bn (US\$4.52bn) in 1988, is to lay off 700 - or 15 per cent - of its workforce. It is preparing an equity offer by 1993 under an agree-ment with the federal government in 1988 to share owner-ship with the Canadian public.

Amoco Canada, now fully-owned by the Chicago-based Amoco, will reduce its workforce by another 200 by 1993 and transfer 650 to affiliates in a big rationalisation. It now

The company said it must improve profitability. The rationalisation will include disosal of some producing prop-

erties in western Canada. It is one of the country's top three gas producers.

The group's first-quarter loss was C\$21m against a loss of C\$28m a year earlier, helped by debt was C\$2.8bn at March 31. TransCanada PipeLines has sold C\$150m of convertible debeniures to the Province of Afberta. The debentures will be held in the Alberta Heritage Fund, built up from surplus oil and gas income over the past 15 years. TCPL will use the money to help meet its C\$2.6bn gas pipeline expansion. It is also selling equity to north American institutions to raise

Argentina to raise \$300m through ENTel flotation

By John Barham in Buenos Aires

PRESIDENT Carlos Menem last week formally kicked off Argentina's largest public above offer with the flotation of 26 per cent of the shares in ENTel, the country's telephone

The flotation, expected to egin in July, should raise at

Argentina's largest privatisa

The first phase began last November when the govern-ment sold 60 per cent of the network for \$214m in cash and \$5.03bn worth of foreign debt certificates to two consortia, one led by Spain's Telefonica and the other by Prance Telecom and Stet of Italy. The remaining 10 per cent will be held by the

works' clients will have first priority, followed by small local and foreign investors. Large investors and holders of Argentine foreign debt will

The sale will be preceded by a marketing campaign and sales roadshows and the shares will be available at over 4,000 noints of sale.

However, the government has yet to announce the shares' price and may set a minimum purchase of \$6,000 The flotation is likely to fur

ther broaden Argentina's

The shares are expected to be in heavy demand, since the to be making impressive profits, both because pulse rates are high and because cash flow is rapidly increasing as they

Parent Bank's robust performance and the positive outlook for the future have enabled us to raise our dividend from DM 9 to DM 10. Creating value

Eastern Germany a top priority: The continued expansion of our east German network will remain a primary focus for creating value in the coming years. Commerzbank's strategy of "going our own way" by independently opening new branches allows us to establish our corporate identity and ensure quality right from the start.

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for our clients

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Commerzbank's shares are quoted on more international stock exchanges than any other German corporation. In 1990, we were the first foreign company to become listed on the Spanish bourses, in Madrid and Barcelona.

and shareholders

As the new decade of accelerating change unfolds, creating value will continue to be the cornerstone of our long-term strategy. Over the years, we have systematically reinforced our financial base. Our strong earnings position has in turn opened up new perspectives for the Bank's future that will both strengthen customer service and enhance value for our shareholders.

*to be opened soon.

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6% rise to record Y70bn

By Emiko Terazono

FANUC, the leading Japanese robotics equipment maker announced a 6 per cent in nonconsolidated pre-tax profits to an all time high of Y70bn (\$505m) for the year ended

Fanuc attributed the rise to an increase in fund manage-ment gains. Sales rose 3.5 per cent to Y184.5bn on the strength of the company's industrial robots, which rose a sharp 47.5 per cent to Y25.8bn. But higher labour and distribution costs hut operating profits, which fell 3.3 per cent to Y54.4bn. After-tax profits increased 8.4 per cent to

Sales in its mainstay computerised numerically controlled systems fell 3.1 per cent to Y134.3bn. Exports fell 8.1 per cent to Y52bn on the weakness

in overseas markets.

For the current year to March 1992, Fanuc expects pre-tax profits to rise 2.8 per cent to Y72bn, on an 11.1 per cent rise in sales to Y205bn.

Seiko profits fall by 2.2% to Y5.9bn

By Emiko Terazono

SEIKO, the leading Japanese watchmaker, said consolidated pre-tax profits for the year to March 1991 fell by 2.2 per cent to Y5.9bn (\$42m) on higher labour costs and interest pay-

Sales increased by only 1.5 per cent to Y428bn due to flat watch, clock and jewellery divisions. After-tax profits plunged 64.2 per cent due to increases in corporate taxes, and losses in domestic and overseas sales subsidiaries. On an unconsolidated basis pre-tax profits rose 8.6 per cent

to Y4.8bn and sales increased by 6.4 per cent to Y305.6bn thanks to stable domestic demand. After-tax profits rose 10.5 per cent to Y1.4bn. For the current fiscal year to March 1992, Seiko forecasts 10 per cent increase in consoli-dated pre-tax profits to Y6.5bn. and a 9.8 per cent in sales to

Fanuc posts | Itoman in red after losses on art and property deals

By Stefan Wagstyl in Tokyo

ITOMAN, the Japanese trading company which ran into finan-cial difficulties investing in property and art, has announced an annual net loss of Y60.4bn (\$436m).

The company was reporting results for the year to the end of March, during which it suffered losses of Y43.2bn on property deals and Y58.56bn on art purchases. Of the total, some Y20bn is not included in lest Y30bn is not included in last year's loss and is being carried forward. Itoman plans to offset the loss by the sale of a 40 per cent interest in its Osaka head

The company would have

gone bankrupt without the support of Sumitomo Bank, its main bank, which is financing a rescue. The Osaka District Prosecutor's Office is examining aspects of Itoman's operations to see whether anypany broke the law. Itoman is passing its dividend. The net loss is the first since

1976, when the company was last in financial difficulties and also had to be balled out by

In the year to March, sales fell 1.2 per cent to Y630.7bn, due to the collapse of real

profit dropped 85.5 per cent to Y1.07bn, with Itoman's core textiles business barely able to make up for the shortfall in property trading. The pre-tax figure was a loss of Y2.04bn against a profit in 1989-90 of Y13.8bn. The group last year made a net profit of Y6.3bn. For the current year, Itoman

plans to make a pre-tax profit of Y3.5bn on sales of Y630bn. Taking account of the likely profit on the sale of part of its headquarters, it expects to see a net profit of Y43.5bn, which will go some way to restoring the damage done to the bal-

Reverse for Japan's credit banks

By Robert Thomson in Tokyo

JAPAN'S three long-term credit banks reported an average 18.6 per cent fall in pre-tax profits and a 12.1 per cent decline in their banking busi-ness earnings as higher short-term interest rates cut into their yields on fund management and losses on some LDC loans were written off. Falls would have been greater at the Industrial Bank of Japan, the Long-Term Credit

Bank of Japan, and the Nippon Credit Bank but for favourable changes in accounting methods which produced large gains in the assessment of debenture and foreign exchange dealings. Each of the banks blamed the reverse on Japan's inverted yield curve and on the general instability last year in Japa-nese financial markets. The banks were also faced with problems at some large corporate clients, with, for example, the Long-Term Credit Bank (LTCB) overseeing the restructuring of debt at EIR International, the property

IBJ reported a 16.2 per cent fall in pre-tax profits to Y132.9hn (\$953m) for the year to end-March, while business profits, a measure of profits from backing operations were from banking operations, were down 1.6 per cent to Y90.8bn. The bank is expecting a 4.6 per cent increase in pre-tax profits to Y139bn for the current year.

The LTCB reported an 18.2 per cent fall in pre-tax profit to Y93.8bn and a 1.6 per cent decline in business profit to Y55.8bn. The bank said that the larger fall in pre-tax profit was partly due to its having sold off LDC debt, in particular loans to Venezuela, at a loss, while the gains from the new accounting methods totalled

LTCB officials said that operating income for the year had increased by 11.4 per cent to Y2.205bn because of a build-up of loan assets and higher domestic interest rates. The bank expects that income and earnings will rise this year, dependent on fluctuations in interest rates, and that consoli-

dated pre-tax profit will rise by around 12 per cent.
Nippon Credit Bank reported
a 24.5 per cent fall in pre-tax profit to Y52.2bn and a 51.6 per cent fall in business profit to Y19.1bn. The bank suffered most from the inverted yield curve, although it is expecting a 22.6 per cent increase in pretax profit to Y64bn for the cur-

rent year.

 Mr Ryutaro Hashimoto, Japan's finance minister, said it will be necessary to study stock market conditions for a while before shares in Japa-nese railways are listed on the stock market, Reuter reports

from Tokyo.

An advisory committee report to the Ministry of Transport stressed the need to list the shares of East Japan Railways, Central (Tokai) Japan Railways, and West Japan Railways as soon as pos-

"Whether we will list the shares this fiscal year or not is still an open question," a min-istry official said.

	JAPANESE TRUST BANKS PROFITS'												
		e-tex renue	Bus	iness fits		e-tex offis	Net profits						
Sumitomo	1,585	(+ 2.5)	60.0	(-51.7)	84.8	(-35.9)	52.0	(-15.9)					
Mitsubishi	1,640	(+ 13.3)	55.7	(-54.3)	80.2	(-39.7)	47.8	(-30.0)					
Mitsui	1,320	(+ 14.1)	47.7	(-52.8)	71.9	(-39.4)	36.8	(-31.9)					
Yasuda	1,255	(+ 20.2)	41.3	(-44.4)	56,8	(45.9)	34.2	(-29.6)					
Toyo	910	(+14)	33.9	(-60.3)	47.1	(-38.6)	22.8	(-35.5)					
Chuo	527	(+21)	14.3	(-50.0)	23.6	(— 19.3)	11.0	(-14.5)					
Nippon	174	(+ 14)	-40.0		10.0	(+21.9)	4.6	(- 29)					
Total	7,393	(+11.8)	249.0	(-53.9)	376.0	(-37.5)	209.3	(-27.0)					

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Floating Rate Deposit Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given, that for the Interest Period from February 28, 1991 to May 31, 1991 the rate for the final interest Sub-period from May 30, 1991 to June 5, 1991 has been determined at 6% per arraum, and therefore the amount of interest psyable trained forms and the second 11, 5 (10,000 program) in prosistered. against Coupon No. 27 or per U.S. \$10,000 nominal in form, on the relevant interest payment date May 31, 1991 will be U.S. \$160.53.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

May 29, 1991

CHASE

PT PABRIK KERTAS TJIWI KIMIA U.S.\$50,000,000

1% Guaranteed Bonds Due 1995 Notice is hereby given that the Rate of Interest has been fixed at 6.4375% and that the interest payable on the relevant Interest Payment Date November 29, 1991 in respect of U.S.\$250,000 nominal of the Nates will be U.S.\$9503.47.

May 29, 1991 By: Citibanik, N.A. Hang Kong, Agent Bank CITIBANC

CHEMICAL NEW YORK, CORP US\$300,000,000 PLOATING BATH SUBURDINATED CAPITAL

in the black with \$14.1m for year

By Hugh Carnegy

ISRAEL'S state-owned airline, El Al. suffered a predictable slide in profits last year as the Gulf crisis halved tourist traf-fic in the second six months. But, unlike many of its com-petitors, it avoided a drop into the red, posting net profits of \$14.1m, compared with \$24.2m

As a Middle Rastern state under threat of attack by Iraq from the earliest days of the from the earliest days of the Gulf war last August, the Israeli tourist industry was hard hit by the crisis. The company said passenger traffic had dropped by 54 per cent by December. Meanwhile, fuel prices rose 120 per cent.

Mr Raphael Harley, El Al mesident, said cuts in sched.

president, said cuts in sched-ules and staff numbers had held the rise in operating costs to 14 per cent, totalling \$780m. At the same time, the conversion of passenger capacity into cargo space helped push sales up by more than 10 per cent to

Another positive factor was thousands of Soviet Jews to Israel for the government. The fall in profits would

have been much larger but for income of \$5.6m from financing activities, including aircraft leasing. Contributions from affiliated companies and sales of shares in subsidiaries also contributed \$3m. El Al has now shown a

profit for five consecutive years, despite being in receiv-ership since 1982 when it was swamped by debts and labour problems. The Gulf war was the domi-

nant factor in the first quarter this year, but performance should be helped by the airline enjoying a monopoly on its routes during the conflict, when other airlines stopped flying to Israel, and by government-subsidised war insur-

El Al is due for privatisation through a 51 per cent interna-tional stock flotation.

Kubota sees advance to **Y36.3bn**

By Emiko Terazono

KUBOTA, the Japanese farm equipment maker, announced a 6.3 per cent rise in non-con-solidated pre-tax profits to Y36.3bn for the year to March

Kubota said the rise in distribution and labour costs stunted profit growth despite a 6.9 per cent rise in sales to Y708.9bn. After-tax profits rose 8 per cent to Y20.3bn on a cut in corporate

Domestic sales rose 9 per cent to Y49.9bn, reflecting strong demand in Kubota's pipes, industrial machinery, and environmental facilities. Exports, however, declined 3.7 per cent due to a 32 per cent fall in industrial material and a 2 per cent decrease in building equipment.
For the current year, ending

March 1992, Kubota expects sales to rise 5 per cent to Y745, but expects a marginal 1.9 per cent in pre-tax profits to Y37bn due to an increase in interest payments.

Shiseido up 8.7% at pre-tax level

SHISEIDO, Japan's largest SHISKIDO, Japan's largest cosmetics maker, enjoyed a 25.1 per cent rise in operating profits to Y225bn (\$1.62bn) in the year to end-March, but pretax profits climbed only 8.7 per cent to Y30.12bn due to losses on financial Items, writes Neil Weinberg in Tokyo. Sales for Shiseido, which commands a 27 per cent commands a 27 per cent domestic market share, increased 8 per cent to Y352.3bn, with cosmetics sales up 7 per cent and tolletries increasing 11.2 per cent. Pre-tax profits were hit by a decline in Shiseido's financial

surplus and a Y700m currency exchange loss. After-tax prof-its advanced 38.7 per cent to Y14.9bn as tax outlays

Sales for the year to end-March 1992 are forecast to rise 6.9 per cent to Y37/bn. Pre-tax profits are expected to gain 6.0 per cent to Y32bn and after-tax profits 3.6 per cent to 15.5bn.

New chairman for Christiania Bank MR TOR MOURSUND, the

board chairman of Christismia Bank, Norway's second biggest bank, is to hand over the helm to Mr Per Ditley-Simonsen, 58, shipowner and former defence minister, in one of the bleggest changes within the bank in over 15 years, writes Karen Fossli in Oslo.

Mr Ditlev-Simonsen was elected to the two-year post, replacing Mr Moursund who was Christiania's president for 13 years before becoming

El Al stays | Treasuries drift modestly higher in thin trading

By Karen Zagor in New York and Sara Webb in London

US Treasuries drifted modestly higher yesterday morning in thin, featureless trading. At mid-session, the Trea-sury's benchmark 30-year bond

was quoted up % at 98 ff. yield-ing 8.28 per cent, while shorter-dated maturities were unchanged to ff higher.

The Federal Reserve entered the open market to arrange \$2bn in customer repurchase agreements when Fed funds were trading at 51 per cent. Although the intervention was not widely expected, it was seen as a technical measure in anticipation of a small, seasonal reserve shortage today at the end of the current twoweek statement period. The Fed last intervened on Thursday, when it arranged over-nights matched sales with funds last at 5% per cent. The target for the key rate is believed to be 5% per cent. News that existing home

GOVERNMENT BONDS

sales for April rose 3.4 per cent depressed bond prices in early

trading. But prices firmed after the release of the conference board's index of consumer confidence in the US for May, which fell to 74.2 from 79.4 in

■DOMESTIC and overseas buying helped to buoy the German government bond market vesterday.

Japanese investors have returned to the European gov-ernment bond markets after a considerable absence, while other investors have been busy switching from French govern-ment bonds into bunds recently. Many investors remain worrled by the appointment of Mrs Edith Cresson as

BENCHMARK GOVERNMENT BONDS 13.500 09/82 103-25 +01/32 10.30 10.42 10.60 9.000 03/00 32-27 +08/32 10.25 10.24 10.18 9.000 10.00 91-13 +09/32 10.05 10.02 9.92 No 119 4,600 8/99 88,3801 +0.118 7.06 7.03 7.15 No 129 6,400 03/00 98,5831 +0.157 6,66 6,81 6,75 9.000 01/01 104.3300 +0.290 8.31 8.39 8.42.1 FRANCE BTAN 9.000 02/86 98.9331 -0.036 8.98 8.92 9.10 OAT 9.500 01/01 108.3500 +0.110 8.95 8.85 8.91 9.750 06/61 100,9500 +0,060 9.60 9.68 9.65 8.500 03/01 99.8300 +0.400 8.52 8.93 8.62 13.000 07/00 114,4247 +0.754 10.50 10,49 10.89 10.000 08/00 105.1000 +0.250 9.14 8.96 8.96

Technical Date/ATLAS Price Sources

prime minister in France, and feel unsure about her govern-ment's economic policies. Bullish sentiment in the bund market stems partly from recent statements by Mr-Hel-mut Schlesinger in the press regarding inflation and interest rates. Mr Schlesinger, who is expected to take over as Bundesbank president when Mr Karl Otto Pöhl leaves, was reported saying that interest rates will not be raised and that the inflation rate is

unlikely to exceed 4 per cent.
The June Liffe bund futures contract rose yesterday from 85.70 at the start of trade to reach 85.86 by late afternoon, and traders expect to see it testing the 86 level this week. The 8% per cent bund due 2001 opened at 100.53 and rose to

Elsewhere in Europe, Spanish overnight interest rates edged up from 12.75 per cent to 12.85 per cent as the Bank of Spain drained Pta329.5bn of liquidity from the money mar-

100.65

The move was taken as con-

firmation that the intervention rate will not be cut further for some time. Despite statements from the government warning that no further cuts are imminent, there has been some speculation in the market that another cut soon.

mTRE UK government bond market edged up following the US Treasury bond market's lead in the absence of any economic data. Short-dated gilts barely moved. The 11% per from the control of cent glit due 2003/07 rose from 108% to 108% by late afternoon.

■JAPANESE government bonds moved in a narrow range as investors await a sig-nal that the Bank of Japan will cut the Official Discount Rate. Attention will focus on the consumer prices figures — duz out on Friday — and on the Bank of Japan "Tankan" survey, the quarterly survey of business which is due on June 11. Any signs of a slowdown could encourage the Bank of Japan to cut the discount rate.

CME plans new currency derivatives

By Barbara Durt in Chicago

THE Chicago Mercantile Exchange is today launching three currency cross-rate futures and three options contracts.

The cross rates for the futures and options will be sterling/D-Mark, D-Mark/Swiss franc and the D-Mark/yen. The CMR said the products responded in part to the rapid growth of trading in foreign

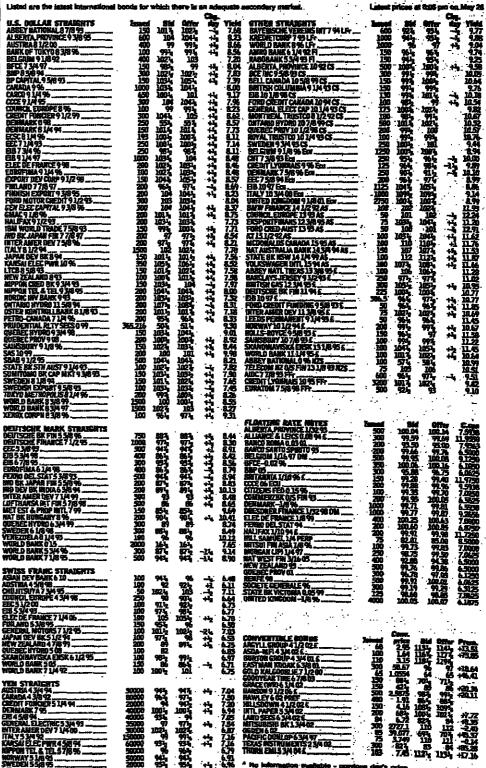
currency cross rates by inter-national banks. The CME prod-ucts will be denominated and cash-settled in US dollars. The minimum tick will be \$25 and the value of the contracts will be calculated as follows: the sterling/D-Mark cross rate times \$50,000; the D-Mark/SFr cross rate times \$125,000; and the D-Mark/yen cross rate times \$125,000. They will be

traded between 7:20am and 2:00pm Chicago time, and will have the same March, June; September, December cycle of other CME currency futures. The cross-rate futures-ontions are similar to other currency options contracts at the CME except that these are cash settled and are allowed to

expire on the same day as the

corresponding futures.

FT/AIBD INTERNATIONAL BOND SERVICE



INTERNATIONAL CAPITAL MARKETS

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TARMENT SORD

derivative

Japanese warrant deals test international demand

THE strength of international demand for Japanese warrant bonds was tested yesterday with 11 equity-linked deals launched in the international bond market.

In total, \$850m equivalent of warrant bonds were issued yesterday, all by Japanese companies. Despite the weight of paper, demand appears to be firm. Investors are keen to buy warrants, prived seeingt the warrants priced against the new levels of the Tokyo stock market following its heavy fall last year.

For example, the biggest deal of the day, a \$200m four-year issue by Aoki International via Nomura, traded up to 106.5 hid

from an issue price of per.

The largest new issue in any sector yesterday came from Kansai International Airport, which carries the guarantee of the Japanese government. The \$270m seven-year deal, lead managed by IBJ, was priced to yield 47 basis points over the US Treasury yield curve. The bonds carry an 81/2 per cent coupon and were re-of-fered to investors at a fixed price of 99.92. The pricing of the deal was seen as tight by INTERNATIONAL BONDS

many participants, many of whom would have preferred a 10 year issue. However, demand was firm enough for the yield spread over Treasuries to be main-

Elsewhere, supply of Canakisewhere, supply of Canadian dollar-denominated paper was resumed following a fallow period last week. BCE, the holding company of Bell Canada, launched a C\$250m five-year issue, lead managed by URS Phillips & Drew.

The honde capter a 1044 per

URS Phillips & Drew.

The bonds carry a 10% per cent coupon and were priced to yield 72 basis points over comparable Canadian government bonds. Again the pricing was seen as tight, but participants said that the deal attracted interest for the pricing was seen as tight, but participants said that the deal attracted interest for the pricing was seen as tight, but participants said that the deal attracted interest for the pricing was seen as tight, but participants are provided to the pricing was seen as tight, but participants are provided to the pricing was seen as tight, but participants are provided to the pricing was seen as tight, but participants are pricing was seen as tight. interest from continental European retail accounts. BCE has not borrowed in the international bond market since 1988 but the five-year bonds offered yesterday are the shortest maturity available.

Interest in the higher-yielding European currencies was also maintained. Okobank, the Finnish financial institution.

tapped demand within Germany with a FM175m five-year issue - against the background of rumours that the finnish monetary authorities may soon link the markka to

the Ecu.
Crédit Agricole, the French
bank, made its debut in the
Ecu sector with a Ecul56m Ecu sector with a Eculsom four-year transaction lead managed by Swiss Bank Corporation. The paper carries a coupon of 9% per cent and was re-offered to investors at a fixed price of 99.75, where the yield is 9.2 per cent. This offers a 20 basis point pick-up over yield available in the secondary market on the recent fouryear Eculion deal by LKB Baden-Wurtenburg. Eurofina followed the success of its Portuguese escudo-

denominated deal last week with a Pta10bn bond issue in the Spanish domestic market. The five-year matador issue offers a coupon of 11.6 per cent and was priced at 101.55 with full fees of 1% per cent.

Associat III.	Соцрев %	Price	باستعار	Fees	Book runner
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			1005	20/12	Nikko Secs (Europe)
					(BJ int.
. 45	312-4	100	2001	212/112	
					
· 75	10.125	101.376	1994	132/12	Goldman Sachs Int.
250	103	101,922	1998	14/14	UBS Phillips & Drew
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	,				
					Dalwa Europe GmbH
				24/12	Nomura Bk.(Deutsch)
					Daiwa Europe GmbH
					Deutsche Bank
100	10	1003	1993	14/3	Commerzbank A.G.
·			·		
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S&P casts eye over mortgage bond issues

STANDARD & Poor's, the US credit rating agency, may place some mortgage-backed bond issues on its credit watch surveillance list this week due to concern over their insur-

The alarm about some mort-gage-backed issues stems from S&P's decision last week to review the credit ratings of six UK insurance companies "with negative implications". Some of these insurers – such as Sun Alliance – pro-

vide insurance cover for securvine insurance cover for securitised mortgages. This protects bond-holders against loss in the event of default on the underlying mortgages.

Specialised mortgage lenders, including National Home Loans, Household Mortgage

Corporation, and The Mori-gage Corporation, are cur-rently reviewing the insurance cover on their bond issues to see whether it needs to be

see whether it needs to be upgraded.

The US rating agency said that profits for composite insurers in the UK are likely to continue to be disappointing this year, with "particularity poor results expected in the personal motor, household, employers' liability and mortgage guaranty accounts".

Ragie Star, Sun Alliance and London Insurance, and General Accident have had their ratings for claims-paying abil-

ratings for claims-paying ahlity placed on credit watch, while Legal & General Group, Guardian Royal Exchange and Sun Alliance Group have had their commercial paper pro-grammes placed on the sur-vellance list.

World Bank lends \$50m to Chile

THE World Bank announced a \$50m loan to help improve water supply and sanitary con-ditions in Valparaiso, Chile's third largest city, Reuter

reports.

The loan, to be disbursed over six-and-a-half years, is for 17 years, including a five-year grace period.

The loan carries a variable

interest rate, initially of 7.78

Arm of French bank seeks FFr470m

By George Graham in Paris

CREDIT Agricole d'île de France, the largest and least agricultural of the 85 regional units which make up France's giant agricultural co-operative bank, is to raise FFr470m of fresh capital.

The bank will issue new Co-

operative Certificates of Invest-ment (CCI), a form of non-vot-ing stock which is the closest a co-operative organisation can come to raising equity on the

stock market.

Already, 18 Crédit Agricole regions have issued CCIs – the Ile de France region is on its third tranche – as they seek to improve their capital bases to comply with the Bank for International Settlements and similar rules adopted by the

maintain and improve our capital base. The new European ratios place us with a capital-to-risks ratio of around 7 per cent at the end of December. We need to go to 8 per cent by 1993," said Mr Lucien Douroux,

Agricole De de France.
The funds raised will also help to finance the cost of tak-ing control of Banque de Gestion Privée (BGP), an invest-ment banking and asset management specialist bought in March for FF1730m, which is also co-managing the issue for its perpent

its parent.
Mr Douroux' bank will take around 55 per cent of BGP at a cost of some FFr400m, with the

"We need new funds to Agricole, the central banking unit owned by all the Crédit Agricole regions, taking 25 per cent. But Crédit Agricole ile de France's appetite for capital -its last issue of CCIs dates back only 15 months - also reflects a change in its field of

operations.
Since last year, the Crédit Agricole has lost what remained of its monopoly on farm loans. In exchange, how-ever, it has won the right for the first time to lend to companies and liberal professions in

urban areas. This has opened up a vast field for the Credit Agricole lle de France, whose region, cen-tred on Paris, is almost entirely urban.

Although its activity is still

centred on home loans, which account for two-thirds of its loen book and where it holds 17 per cent of the Paris region market, its non-agricultural business loan book grew by 47 per cent last year to reach FFr11.5bn. Net profits grew last year by 21 per cent to FFr403m, and Mr Douroux is predicting a further increase of 10 to 15 per cent this year.

CCIs have until now mostly been sold to clients of the Crédit Agricole network, but now that Crédit Agricole Ile de France's paper has established a certain level of liquidity on Paris's second market — an average turnover of 1,000 CCIs a day — the bank hopes to open up to a wider pool of investors.

Brazil allows foreign investment

By Christina Lamb in Rio de Janeiro

A DECISION to allow direct foreign investment into Bra-zil's stock markets was expected to be announced last night, according to government offi-

The National Monetary Council was voting yesterday evening on whether to give foreign investors direct access to buy shares in Brazilian compa-

Until now, foreigners could only invest through Brazilian-administered funds. Although plans to allow direct access were announced earlier this year, the enabling proposals and tax regulations

were only voted on at yester-day's meeting.

The expected decision has transformed the Brazilian stock market. This month alone, the market has risen 44.8 per cent, partly in

By John Elliott in Hong Kong

ASIA Securities of Taiwan and

Lloyds Bank Fund Manage-ment of London have obtained government approval to launch a \$30m closed-end fund in Viet-nam, the first of its kind in the

country.
Called the Vietnam Fund, it is being underwritten by Smith

1,869

response to the appointment of a new economic team and the announcement of a date for the first big privatisation.

There is expected to be considerable foreign interest in investing. The National Securi-ties Commission estimates that, in one year, North American pension funds alone would bring in between \$100m and \$150m. Earlier this year, average daily trading volume in Brazil was running at \$12m to

Mr Robert Barclay, head of the \$140m Banco Bozano Simonsen Fund, said: "A lot of foreigners have their eyes on particular companies such as Telebras and Aracruz but, instability, banik at investing in a fund which requires mak-

Vietnam closed-end fund to be launched

will invest in foreign joint ven-

ture projects at a time when Vietnam is beginning to open up its economy.

The investors include two Moscow-based corporations, along with Bovis of the UK,

part of the P&O group, Samsung of South Korea, Sime Darby of Malaysia, and Genesis Fund Management of the

Even with the recent rise, Brazilian shares are widely regarded as undervalued. Telebras, the state telephone company, for example is trading at 8 per cent of book asset value. Mr Edmund Games, who administrates the Brazil Fund, said: "These companies have assets worth substantially more than the Brazilian investor is willing to pay. Foreign investors know this and can't

wait for the door to be opened." However, many Brazilian analysis warn that the picture is less simple. The market capisass simple: Its market can-talisation of Varig, Brazil's largest airline, at \$61m seems ridiculously cheap for a com-pany with a large and rela-tively new fleet. But last year Varig made heavy losses, and ing a much bigger commit-ment." its fleet was acquired with bor-

Robeco, the Dutch fund group, said its three regional funds launched earlier this

month have so far raised

Fl 186m, Reuter reports.

Around a third of funds

deal allowed with **Standard Trust By Robert Globens**

Laurentian Bank

in Montreal

LAURENTIAN Bank, a key member of the Laurentian Group, has received Ontario Court approval to take over Standard Trust's 30 mortgage branches from Standard's liq-

nidator.
The deal involves C\$1.3bn (US\$1.13bn) deposits, 200 employees, and about C\$750m in residential mortgages and

commercial loans, Senior creditors put Stan-dard into bankruptcy after refusing an initial offer from Laurentian Bank. Standard got into financial difficulties when several large property loans went sour.

loans went sour.

Then federal regulators seized the assets, shut the branches and began winding Standard up.

Canadian Pacific's long-term debt rating has been cut from A to A-low by Dominion Bond Rating Service, one of Canada's two rating agencies. The downgrading also applies to debt issued by CP Securities, a financing subsidiary.

iary. Moody's Investors Service in New York downgraded CP's senior unsecured debt a month invested came from abroad.

Robeco said earlier this month that the funds could eventually raise a total of F11.5bn.

sentor unsecured design mouth ago and DBRS has already downgraded the senior debt of CP Forest Products, CP's big pulp and paper arm. But DBRS has not changed its assessment of CP's short-term debt.

New Court Far Rast of Hong Kong, which plans to market it to international institutions. It **LONDON MARKET STATISTICS**

RISES AND FALLS YESTERDAY

FT-ACTUARIES SHARE INDICES											
e 11	⁶ The Financial Times Ltd 1991. Compiled by the Financial Times Ltd										
in conjunction with the institute of Actuaries and the Faculty of Actuaries											
	GROUPS		Tues	day M	ay 28	1991		Fri May 24	Thu May 23	Wed May 22	Year ago (apprex)
& SUB-	SECTIONS	<u> </u>		Est.	Gross	Est	T	 	 -	┝╼	<u> </u>
stocks	heses show number of per section	No.	Day's Change	Earnings Yield% (Max.)	Div. Yield% (Act at (25%)	P/E Ratio (Net)	xd adj. 1991 to éate	index No.	index No.	index No.	Hadex No.
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~ 4) Electricais (10	MBUULUUN	2346.63	-0.1								
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	amichora (K)	IANIMI				7.25					
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8 Metals and Me a 9 Motors (13)	tai Forming us,	45LB0	-03 -05	20,21 12,57		6.10 9.40		443.38 323.03			
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'351 Textiles (10)		. 524.31	-1.1	10.52		11.74	9.55	530.06			490,76
40 OTHER GROUP	S (107)	1223.23		16.60		12.30 11.31	11.16				
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		2323.80	+0.1	10,84	5.73	12.02	50.59			2345.00	
		1322.03	+0.1	9.58	4.76	12.95	18.51	1320.20		1319.59	
	80UP (97)	797.27	+0.5		5.96	18.94	18.07	793.11	795.65	790.90	784.37
62 Banks (9)		900.74	+0.9	7.66	6.15 5.72	18.94	22.63 41.64	892.62 1445.55	892.84	880.42 1443.81	828.04
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, 58 Merchant Bank	s (7)	421.92		! - !	4.80	- 1	4.47	422.05	422.39	422.58	442.30
r. 591 Property (40)		1 959 51 1	-0.1	6.62	5.04	20.64	7.90	960.50	966.29		1085.87
~70 Other Financial	(20)	282.36	-0.2	9.30	6.42	13.36	4.75	282.%	284.23	284.64	307.41
71 Investment Trus	rts (70)	<u>1200.70</u>	-0.3		3.49	_=					1190.57
99 ALL-SHARE IN	DEX (667)	1194.85	+0.2		4.89		18.11	1192.72	1198.71	1191.99	1132.24
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, <u>.</u>	PRICE Tue Day's Fri Accrued xd add. INSECES May change May Interest 1991 28 % 24 to date					1 =	British Restaurant Low Syears Composs 15 years	9.16 9.78 9.94	9.18 9.83 9.98	11.36 11.07 11.01	
	British Government 1 (bp to 5 years (28) 2 5-15 years (29) 3 (her 15 years (8) 4 (hredeensibles (b) 5 All stocks (70) British Linked	130.84 137.18 14 7 .54	+0.23 +0.50	121.61 130.54 136.50 149.53 129.89	2.66 2.23 1.10	5.15 5.02	6 7 8 9 10	Index-Linked	10.32 10.22 10.15 10.49 10.39 10.28 10.20	10.34 10.27 10.20 10.51 10.44 10.34 10.20	11.41 11.57 11.34 12.51 11.87 11.66 10.93
	6 Up to 5 years (1) 7 Over 5 years (10) 8 All stocks (11) 9 Bets & Lower (56)	147.69 148.59	+0,30 +0,29	147.25	0,12 1.01 0.98 2,16	1.52 1.56	14 15	inflation rate 5% by to 5grs. brightion rate 5% be 5 yrs. laffeting rate 10% by to 5grs. Does 5 yrs. brighting rate 10% over 5 yrs. brighting rate 10% over 5 yrs. 15 years. 15 years.	4.20 3.15 4.01 11.88 11,65 11.45	4.22 3.16 4.03 11.88 11.65 11.45	4.25 4.26 4.04 14.71 13.55 13.13

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EUROPEAN INVESTMENT LOCATIONS

The FT proposes to publish this survey on July 4th 1991.

The FT is read by 54% of Chief Executives of the largest 2000 companies in Europe and 22% of senior European businessmen involved in decision making about Business Premises/Industrial sites. If you want to reach this important audience, call Hugh Westmacott on 0532 454969 or fax 0532 423516

Data sources; Chief Executives in Europe 1990 & EBRS 1989.

FT SURVEYS

David Owen looks at the impressive list of connections ICI and Hanson can call on

MPERIAL Chemical Industries now looks to have shown foresight in appointing Sir Antony Pilkington to its board in March as a non-ex-

ecutive director.

As chairman of Pilkington, As charman or runington, the glass maker which survived a hostile takeover attempt by BTR in 1987, who better is there to advise the group on how best to escape the clutches of an acquisitive

conglomerate?
Sir Antony is just one of an impressive list of the great and good on whom the UK's largest manufacturer can count if Hanson does launch a hostile

The conglomerate bought a 2.8 per cent stake in ICI two ks ago in a move which has fuelled intense speculation that a full-blooded takeover attempt might eventually be forthcom-

ing.
Sir Antony's fellow ICI nonexecutives include the chair-man of one of the four big UK clearing banks, a former chairman of the US Federal Reserve. a member of the board of managing directors of the larg-est German bank and a director of the world's biggest car

Meanwhile, ICI executive directors themselves sit on the boards of at least five FTSE 100 manufacturers, one insurance company and two UK

The UK clearing bank chairman is Sir Jeremy Morse of Lloyds, one of the City's bestknown chess enthusiasts, whose flair for strategy will no doubt be an asset in coming

ICI can also boast a man in the Barclays' board room in the shape of chairman Sir Denys Henderson, and a deputy chairman of Midland Bank in Sir Patrick Meaney, chairman of the Rank Organisation, who is an ICI non-executive. Sir Antony is a director of National Westminster Bank,

giving the group a complete set of the UK clearers. Executive director Mr Thomas Hutchison is on the board of Bank of Scotland

The former US Federal eserve chairman is Mr Paul Volcker, whose other director-ships include Nestlé, the Swiss food group which bought Rowntree for £2.55bn in 1988, and the Prodential Insurance

Company of America. Ms Ellen Schneider-Lenné.

registered form A Lorrer Registrars and Transfer Office, BANK OF SCOTLAND,







It is, however, being assisted

by three high-profile public relations advisers: Dewe Roger-

son, Lowe Bell and Mr Brian Basham's Warwick Corporate. In the great and good depart-

ment the conglomerate has

some impressive contacts of its own, although it is no match

for ICI in the sheer breadth of

board is Mr Charles Price II,

the former US ambassador to Britain, who is chairman and

chief executive of Ameribanc,

the Missouri-based bank hold-

Hanson board on leaving US

Mr Price, who joined the

s formal connections. Perhaps the most intriguing

nber of the conglomerate's



Sir Antony Pilkington, left, Sir Jeremy Morse and Paul Volcker of ICI line up against Charles Price II for Hanson

who sits on the board of managing directors of Deutsche Bank, is also a director of Morgan Grenfell, its UK merchant bank which advised BTR in that unsuccessful Pilkington

Mr Tom Wyman, an ICI nonexecutive director since 1986, sits on the boards of General Motors and American Telephone and Telegraph in the US, and United Biscuits and

SG Warburg in Britain.
Lord Chilver, chairman of
ECC – the building products
group, and Mr Walter Klep, a nember of the supervisory board of Volkswagen and direc-tor of both Marsh & McLennan and Bank of Montreal, complete the group's quiver of non-executive directors. Mr Sholchi Saba, adviser to

the Toshiba board, and Sir Alex Jarratt, chairman of Smiths Industries, and deputy chairman of Midland Bank and Prudential Corporation, retired at the last AGM.

As well as his Barclays commitment, Sir Denys sits on the board of RTZ, the world's biggest mining group. He was formerly a director of

Dalgety.
Other senior ICI executives are directors of British Aero-

THE THARSIS PUBLIC LIMITED COMPANY

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of THE THARSIS PUBLIC UNITED COMPANY will be held at Nunez de Balboa 120 Machid 28006 on Thursday, 20th June, 1991 at 12 noon for the following surposes:

1. To consider and adopt the Report of the Directors and the Accounts for the year ended 31st December 1990 with the Report of the Auditors thereon and declare a final dividend (Rasolution No. 1)

2. To re-elect Directors (Rasolution No. 2-5)

3. To re-appoint the Auditors and to authorise the Directors to determine the remuneration of the Auditors (Rasolution No. 6)

The dividend if authorised at the Annual General Meeting will be payeble on or after 27th June, 1991 as lollows:

(2) To holders all Share Warrants to Bearer on presentation of their warrants at any of the latilowing offices:
Sent of Scotland, 55 Old Broad Street, London EC2P 2H.
Lazard Freres et Cle, 121 Boulevard Hausemann, Paris
Banque Generale du Lucembourg S.A. 14 ne Aldringer, Librembourg
Banco Santander, 10 Moorgate, London EC2R 6LD
Banco Santander, 30 avenue de l'Opera, Paris 75002
Banco Bibbeo Vizcaye, 100 Carnon Street, London EC4N 6EH
Banco Bibbeo Vizcaye, 100 Carnon Street, London EC4N 6EH
Banco Bibbeo Vizcaye, 28 avenue de l'Opera, Paris 75002
Having regard to the considerable expense which will be involved in the Issue of new coupon sheets to holders of Share Warrants to Bearer, the Circulors think it right to bring on shareholders attenders the advised on registered form. A conversion will ensure that dividends and any securities which may be allotted on a capitatisation or rights issue are received on the due date and without incurring collection or handling charges which can be considerable and, in the case of small holdings can exceed the amount of dividend collection.

1. Any member of the Company entitled to attend and vote at the Annual General Meeting convened by the foregoing Notice is entitled to appoint one or more prodes to attend and on a polt vote on his behalf. A proxy need not be a Member of the Company. To be delictive lorms of proxy must be deposited at the Bank of Scotland, Register Department, 25s York Place, Edinburgh, not less than 48 hours before the time appointed for the meeting.

Holders of Share Warrants to Bearer who wish to be present at the Meeting or vote by proxy may obtain instructions from the Registered Office of the Company or from the following appointed for the meeting.

SAARC INC.

formerly

SOUTH AMERICAN ASSETS

REALISATION COMPANY

Holders of shares in SAARC INC. and whose shareholdings

are registered in the marking name of J. Henry Schroder

Wagg & Co. Limited are informed that SAARC INC. has paid

a dividend to holders of record 30 November 1990, of

now present their share certificates for payment of the

Coupons Department

Schroder Investment Management Limited

1st Floor, 33 Gutter Lane

London EC2V 8AS

Such shareholders who have not already done so may

Canadian Dollars 3.50 per common share.

dividend to:-

Lazard Freres at Cts., 121 Boulevard Haussmann Paris 8e; Benque Vernes et Commerciale de Paris, 52 Ax Hoche, Paris 8e; Benque de Parie et des Paye-Bas, 3 nue d'Andin Paris, 2x; Credit Susso Laussman, Serizoniano fravueren, Brussels 1040; Banque Genezale Ax I membroure 2 A. 44 an Allianas (1040; Banque Genezale Ax I membroure 2 A. 44 an Allianas (1040;

revised £3.5bn offer from Han-

space, Thorn EMI, Hawker Siddeley, Cadbury Schweppes, Costain Group and the Commercial Union Assurance Company. Mr David Barnes was on the board of British & Com-monwealth, the financial services group which collapsed

Just in case anyone thought it was taking the Hanson-threat lightly. ICI has mean-while engaged the services of three blue-chip merchant bank advisers to prepare a compre-hensive defence package. Schroders and SG Warburg,

its two long-standing domestic financial advisers, are co-ordinating their ICI-related workloads in large degree, while Goldman Sachs - perhaps the most conservative of the Wall Street houses - is also beaver-ing away quietly in the back-

Schroders' experience in major defences is particularly impressive, having defended Pilkington, Rowntree and Consolidated Gold Fields against headline-grabbing hostile It will be small comfort to

ICI that Pilkington is alone amone this trio in retaining its independence, with Gold Fields eventually surrendering to a

government service in 1989, is a director of Texaco, New York Times Co, United Telecommu-nications and British Airways. Warburg and Goldman Sachs

were both among the quartet of merchant banks which The other two Hanson nonadvised BAT industries when executives are Mr Rudolph it fended off the £13.5bn bid by Agnew, the former Consolidated Gold Fields chairman, and Mr Christopher Harding, chairman of British Nuclear Sir James Goldsmith's Hoylake consortium last year. Unlike ICI, Hanson appears to date to have confined itself to one merchant bank adviser

NM Rothschild, whose team
is headed by Mr Russell Edey
and Mr Bill Staple with the
close involvement of Sir Mich-

Hanson executives currently ments are generally encour-

British Airways board. He and Lord King, the British Air-

group's vice chairman and customary spokesman, is a director of Vickers. He also sits like Sir Antony Pilkington -on the National Westminster Bank board.

if a Hanson bid does in time

Radio chairman

departs By Jane Fuller

THE CHAIRMAN of Red

THE CHAIRMAN of Red Dragon Radio, which is 80 per cent owned by Mr Owen Oyston's Trans World Communications, has resigned anid complaints about Trans World's management.

Mr Theodore Shepherd said he was most unhappy about the role independent directors, representing the minority shareholders, were allowed to play. "I am unwilling that they act merely to rubber stamp decisions made by Trans World."

Four other non-executive directors have resigned with him, leaving only one local representative on the board. It used to have a dozen members from Trans World and the original Cardiff and Gwent broadcasting compa-

Mr Shepherd cited the recent removal of Red Drag-on's managing director, Nr Neil Jones, as one bone of coninformation about Trans World's debts and their impact on the minority shareholders'

Trans World fell unto the red last year, hit by provisions against the Miss World con-test. It had been burdened by debts of about 19m after the 1989 purchase of Piccadilly Radio.

No-one was available for comment at Trans World last

GPG pushes ahead by 33% to £3.6m

GPG, the investment company, yesterday reported a 33 per cent increase in pre-tax profits from £2.7m to £3.6m for the six months to end-March.

Shares of GPG, one wing of the former Guinness Peat

Group, were suspended in December at 23p.

The group chaired by Sir Ron Brierley, the New Zealand

entrepreneur, recently won support for a restructuring deal designed to restore GPG's Stock Exchange listing

Red Dragon | NatWest to sell its French headquarters

NATIONAL Westminster, the UK banking group, is to sell off the Paris headquarters of its French operations in the Place Vendome.
Announcing the move yes

terday, the bank declined to comment on reports that Mr Robert Allemon, Natwest man-aging director in France, is to be replaced after a discrete. be replaced after a disagree ment between him and head office in London over strategy. "We do not comment on staff matters." directors said.

The sale of the bank's French head office, situated in

the heart of Paris, could fetch between 250m and 280m. NatWest emphasised yester: day that it is not withdrawing from the French market, describing France as a strategically important country for it. "We are pursuing strategies; to improve long-term profit-ability and growth." directors

NatWest has been struggling to contain costs after its cost/di-income ratio, a key measure of a a bank's efficiency, rose to just winder 71 per cent last year, the highest figure in its history.

Eadie chairman resigns and gives trading warning

By Michiyo Nakamoto

MR RODERIC Mather isresigning as chairman of Eadie Holdings, a USM-quoted maker of specialist wire products, with effect from May 31, in order to pursue other interests. He will be succeeded by Mr Peter Bromwich, a non-executive director.

Mr Mather announced his resignation at the annual meet-ing yesterday when he also warned that trading conditions in the transport and wire industries continued to be

for the group's transport equip-ment fell amid declining new truck registrations and equip-ment replacements.

In the year to December 31.

the group reported a pre-tax loss of £502,000 compared with

profits of £1.18m. Turnover fell to £23.32m (£25.42m) as demand

in an effort to cut costs and reduce debt, the group merged two of its wire companies and sold its Alloy Wire subsidiary, to its management in February. The final dividend is

Hickson director quits earlier than expected

By Clare Pearson

MR MICHAEL Taylor has igned as finance director of Hickson International four months earlier than expected in the latest boardroom upheaval at the chemical, timber protection and merchant distribution company.

Hickson announced the resignation at the end of last month but he had previously been expected to stay

until the end of September. Last November Mr Kehr. Schofield assumed the role of chief executive, taking over ... from Mr Tom Robson who became chairman after the resignation of Mr John Marvin.

The company yesterday said in it could not comment on the gentler-than-expected departure. of Mr Taylor, 44, who had worked for Hickson since 1986.

Castings second half slowdown Castings finished the year ended March 31 1991 with an

increase in pre-tax profit of 4 per cent, from £3.96m to £4.12m.

Turnover for the year came to £23.69m (£22.63m). Barnings rose to 13.35p (12.76p) and the interim dividend is 2.52p (2.4p).

GW Thornton lifts profit to £867,000

GW Thornton, which now focuses on specialist engineer-ing activities, increased pre-tax profit from £735,000 to £867,000

in the half year ended March 31 1991. Turnover came to 25.80m, against £11.42m. Earn-ings worked through at 8.500-(7.1p) and the interim dividend 3 is lifted to 2.25p (2p).

to £0.9m

Perpetual, the manager of UK35 and Jersey-based offshore unit trusts, lifted taxable profits by ... just 3 per cent, from £875,000 tibil £903,000, in the six months to March 31.

Earnings emerged at 2.3701. (2.49) and the interim divided. is again 0.8p. Sales were down to £80.28m (£68.62m).

COMPANY NOTICES

GADEK (MALAYSIA) BERHAD (Incorporated in Malavsia)

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at the Raya Room, Mezzanine Filor, Equatorial Hotel, Jelan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Thursday, 20th June, 1991 at 12.00 noon for the following purposes:

- To receive and adopt the accounts for the year ended 31st December, 1990 and the directors' and auditors' reports
- To approve the payment of a final dividend of 6 sen per share less 35% Malaysian Income Tax.
- To fix and approve Directors' less for the year ended 31st December, 1990 amounting to \$29,179
- 4. To re-elect directors.
- 5. To appoint auditors and to authorise the directors to fix their remuneration. 8. To transact any other ordinary business.

NOTICE IS ALSO HEREBY GIVEN that the Register of Members will be closed from 22nd June, 1991 to 26th June, 1991 (both dates inclusive) for the preparion of the dividend warrants. The dividend, if approved, will be paid on 5th July, 1991 to shareholders whose names appear on members' register on 21st June, 1991. Duly completed transfers received by the company's Registrars, SPK KHIDMAT SDN. BHD., up to 5.00 p.m. on 21st June, 1991 shall be accepted for registration for the above purpose.

Kuela Lumpur Malaysia 29th May, 1991

By Order of the Board AHMAD SHAHAB BIN HAJI DIN RIDWAN BIN MUSTAFFA

NOTES

By order of the Board R N PETERS, Secretary

A member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the company unless he is, then by the provisions of Section 149(1)(b) of the Companies Act, 1965, he must be a qualified legal Registrar of Companies.

The instrument appointing a proxy must be deposited at the reg office of the company not less then 48 hours before the time set for the

MITSUITAIYO KOBE AUSTRALIA LIMITED, USD 50,000,000 inteed Roating/Fixe

Notes Due 2000 scordance with the terms are titions of the notes, we hereby notice that the USD Libor for period 29th May, 1981 to 29th November, 1991 was fixed at 6.1875% giving the Interest Rate of 6.6875%. On 29th November, 1991 Interest of USD 8,545.14 will be due per USD 250,000.

e Mitsul Taiyo Kobe Bank Limit London Branch Dated: 29th May, 1991

LEGAL NOTICES

NUBAL COATING MACHINES LOUITED

Date of appointment of addressiver(s): 14 May 1903

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CONTRACTS & TENDERS



TENDER

Through executive order nr. 46/91-XI issued by the Minister of Finance, published in <u>Diário da República nr.</u> 117, 2nd Series, on the 22nd May 1991, we hereby announce a prequalification tender for the preparation of economic and financial evaluation studies of public sector enterprises in the context of the privatization process, as well as for technical assistance with the corresponding operations.

of £57,000 in first half JAMES DICKIE, USM-quoted

James Dickie incurs loss

forging and casting company, made a £57,000 pre-tax loss in the six months to February 28. The deficit compared with profits of £38,000 for the half year to April 30 1990. It was

European

Assets Trust

30th April, 1991 DFL 8.27

shareholders received 1.0125p

ecoment appears as a matter of record only

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Banca della Capitanata Banca Popolare Commercio e Industria Banca Popolare di San Felice sul Panaro

Istituto Bancario S. Paolo di Torino Cassa di Risparmio di Ravenna Banca della Capitanata Banca Popolare di Bergamo Banca Popolare di Lanciano

> Credito Valtellinese ISTITUTO BANCARIO S. PAOLO DI TORINO

Fuels. Mr Agnew's other direc-torships include Standard Chartered, the UK bank. hold surprisingly few outside directorships, although the group says that such appoint-Lord White, who runs the US arm of Hanson's activities sits alongside Mr Price on the

ways chairman, are old Mr Martin Taylor, the

Clearly, the ripple effect will extend into other boardrooms

£16.21m (£13.6m). Exceptionals accounted for £90,000 (£192,000) There was a nil tax charg (£106,000) which left losses pe share at 0.9p (1.1p). The interim dividend is omitted -

Subscribers - Euroline Istituto Bancario S. Paolo di Torino - London Branch Banca Nazionale del Lavoro - London Brunch Banca Popolare di Milano - London Branch Banca Commerciale Italiana - London Brunch Monte dei Paschi di Siena - London Brunch Credito Lombardo

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Cassa di Risparmio di Verona Vicenza Bellinno e Ancona Banca Popolare del Cassinate Banca Popolare di Cremona Credito Valtellinese Bidders - domestic Lire

Banca del Salento

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Banca Sicula Cassa di Risparmio di Verona. Banca di Legnano Vicenza Belluno e Ancona Bauca Popolare Abruzzese e Marchigiana Banca Popolare di Cremona Banca Popolare del Cassinate Banca Popolare di Milano

· Legal Advisor

UK COMPANY NEWS

17% fall in national advertising revenue offsets local increase

Metro Radio falls 24% to £0.71m

o selling

adquante

lan resign

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ector quits

Cxpected

IT INN

मुह्य सेन्द्र की

METRO RADIO the of between £13m and £14m, USM-quoted commercial radio group based in Newcastle which isst October won a £16m expected gearing to be down to battle for Yorkshire Radio, reported a 24 per cent fall in pre-tax profit for the six months to March 31.

The bitterly fought takeover brought in four radio stations with a catchment area of more many as in Metro's north-east-

Taxable profit fell to £709.000 (£937,000) on turnover of £5.7m (£3.87m). Fully diluted earnings per share suffered a much steeper fall to 3.01p (5.84p) as the deal involved issuing 6.8m shares, taking the total to 16.4m.

Trading profit rose to 1782,000 (1725,000) with the help of 1217,000 from YRN, where the advertising revenue was increased by 4.2 per cent.

Overall, a rise in local adver-tising revenue was offset by a 17 per cent fall in national income. Mr Neil Robinson, chairman and chief executive, said demand had been very low during the Gulf war.

Mr John Josephs, finance director, said net debt at the interim stage was about £2.5m. compared with £2.75m cash held in September. Net assets had been knocked back to £1m, reflecting a goodwill write-off

100 per cent by next September following the sale of Yorkshire Radio's subsidiaries in Singa-

Apart from issuing shares, Metro had had to find nearly £7m in cash to fund the purchase of YRN, which held less than £800,000 after incurring defence costs of about £700,000.

Metro had net interest

charges of £73,000 for the six months compared with £212,000 income in the corresponding period of last year.

The interim dividend is held

O COMMENT

Although YRN's radio stations contributed the best part of £1.5m in pre-tax profit in 1988-89, they plummeted to a mere £42,000 at the trading level in the first half of last year. Metro's efforts to boost sales have already effected something of a recovery, but there is a long way to go before the acquisition fully justifies a 70 per cent enlargement of share capital and the outlay of nearly £7m cash. Yet such is the potential for increased advertising spending to run through to the bottom line, that this should look a good



Neil Robinson: low demand during Gulf war

buy in two years' time. It will, however, test Metro's manage-ment as it tries to increase both audience and advertiser penetration in Yorkshire. Metro has scope for further local radio acquisitions groupings and may also play a part in one of the later national franchise bids. A forecast pre-

tax profit of £2m this year puts the group on a prospective p/e of 20 on yesterday's close of 164p. The high rating reflects both recovery potential and illiquidity. Most of the equity is held by a few large investors, including Capital Radio, Chrysalis Group and TV-am.

\$11.6m US purchase by Simon **Engineering**

By Maggle Urry

SIMON ENGINEERING, the engineering, environmental and industrial services group, is buying Hydro-Search, a US groundwater and environmental consulting business for up to \$11.5m (£6.7m).

to \$11.6m (£6.7m).

It is paying an initial \$10.3m and up to another \$1.3m depending on results for the year to end-July.

The business will form part of the environmental division which Simon formed in January. It bought four other US environmental companies in 1990 and last week declared unconditional an agreed £52m bid for Robertson Group.

Hydro-Search is based in

Hydro-Search is based in Denver, Colorado and has offices in Wisconsin, Nevada and California. Simon said it would fit in well with Robertson's offices in Texas, Okla-homa and California. In the six months to end January Hydro-Search made pre-tax profits of \$705,000 on sales of

Simon's environmental busi-Simon's environmental business involves advising on treating industrial effluent, polluted water or sewage. In 1990 the division accounted for nearly 12 per cent of group trading profits.

FKI appoints Nthn **Telecom director** to strengthen board

FKI, the engineering group which has suffered a series of sethacks since it merged with and then demerged from Babcock International, has moved to strengthen its board with the appointment of Mr Arthur Walsh, non-executive chairman of Northern Telecom Europe.

His appointment as a nonexecutive director of FKI follows the departure of Mr Tony Gartland as non-executive chairman, a post now filled by Mr Jeffrey Whalley, formerly deputy chairman.

FKI has disappointed since its £415m merger with Babcock International in 1987.

In spite of extensive rationalisation, its share price fell and the move was unravelled in 1989. Part of that plan was to sell the US operations, but that fell through.
Since then, the US businesses have been hit by

troublesome contracts and weak demand, notably from the motor indus-Mr Norman Scoular, FKI's

chief executive, has spent a great deal of time in the US sorting out these problems.

When Mr Gartland resigned last month, he also placed a 5.5 per cent share stake. His other business interests include Gartland and Whalley Securities, in which he is a partner with Mr Whal-

ley.
Mr Walsh, 64, was chairman and chief executive of STC, the telecommunications equipment manufacturer, prior to its £1.9bn merger with Northern Telecom of Canada last

He is the second appointment to the FKI board since Mr Gartland's departure. The other one, Mr Bob Murray, was joint founder and vice chairman of the Spring Ram bathrooms and kitchens

His current posts include chairing The Sovereign Capital Corporation and Sunderland Football Club. Mr Walsh's arrival at FKI keeps up the inflow of former GEC executives.

Mr Scoular was managing director of various subsidiaries until his move to FKI in 1987 and another director, Mr Alan Baxter, was managing director of GEC-Alsthom's European switchgear operation until early 1990. Lowndes Lambert to seek listing

By Richard Lapper

LOWNDES Lambert, specialist insurance and rein-surance broker, has confirmed that it is to seek a stock mar-lest listing in the summer, pos-sibly during July.

The decision was made fol-lowing discussions between

nent shørebolders and the institutional investors who backed the group's manage-ment buy-out from Hill Samuel in 196

ein 1988. Lowndes Lambert has appointed Kleinwort Benson Securities to advise on the flotation and act as a broker. Lowndes Lambert is a marine, non-marine, aviation

insurance and reinsurance broker specialising in profes-sional indemnity, bloodstock and construction risk insur-For the year to March 31 1990 Lowndes Lambert reported pre-tax profits of £5.1m, an increase of 59 per cent on the previous year. Turnover rose by 34 per cent to £46.1m. during the same

period.
Unaudited results for the year to March 31 1991 indicate that the group's growth in rev-enue and pre-tax profit has

COMPANY NEWS IN BRIEF

ACKERS JARRETT, commercial vehicle contract hire and rental services group, has paid £6.25m for Truckrent.

Vendor was Hartwell. AMEC rights issue was taken up as to 49.95m new ordinary shares (87.8 per cent) and all the 6.95m shares not taken up have been placed at 214p per share. AMEC has also strengthened its position in the power industry via the acquisi-tion of the transmission divi-sion of Hawker Siddeley Power Engineering. No price was dis-

BRITISH LAND is continuing its retail expansion with the £21.5m purchase from Allders of three department stores in Chatham, Portsmouth and Hull in a sale and leaseback trans-

CARLTON COMMUNICA-TIONS has terminated discussions with Chyron with regard to the possible acquisition of part of its business and assets.

CASTLE MILL has reached agreement to acquire 20 per cent outstanding balance of tional, its clothing design and import subsidiary. Consideration satisfied by the issue of Im new shares and £30,000 cash on completion. In the year to end-December 1990 FAI generated pre-tax profits of £387,000. At that date net assets, before payment of a special dividend, amounted to £20,000.

CHEMRING has paid £1.54m for Octavius Hunt, which makes smoke pesticides and specialist matches. Consideration will be met with 108,126 ordinary shares, £500,000 secured loan notes, and £536,000 cash.

CITYVISION: Austrian subsidiary Cityvision Videotheken GES, is to pay Scheen GES, is to pay Sch15m (£720,000) for 15 video film hire stores in Vienna from Video Paradies Gesellschaft and Argt Videothekenbetriebsgesellschaft, which will be operated as Ritz Family Video Stores.

COWAN DE GROOT: Wilton now owns over 47 per cent of the ordinary and 29 per cent of the preference shares. Offers extended until June 4.

DALGETY has confirmed the sale of its US produce interests for \$28.7m (£16.5m) to a Californian-based investment group including senior management of the company.

EXPAMET INTERNATIONAL selling Mayor Turnstiles to ts management for a maximum £1.08m cash plus repayment of bank overdraft of £187,000

FARNELL ELECTRONICS has bought the capital of the holding company of Cayson Engineering for £3.5m. Cayson suplies standby power systems to he telecommunications indus-

F&C EUROTRUST: Net asset value fell to 180.8p at March 31 against adjusted 196.9p a year earlier. Losses per share for six months to end-March came out at 0.3p (0.9p). IMI is investing an initial £3m

in expanding its fluid power

operations in the Pacific with the opening of a new pneu-matic equipment plant in Sing-GRAND METROPOLITAN is

selling Wienerwald, its German branded chicken restaurant business, to the Wigast Organisation. The transaction is not material to GrandMet share holder funds. LONDON INTERNATIONAL

Group has entered into a joint nture with Royal Industries Thailand to manufacture and distribute Kingtex and Durex ondoms in Pacific markets LIG's initial investment is \$2m giving it a 60 per cent share and operational control.

MANDERS has paid £600,000 cash to buy Millden Eagle from the administrative receivers. Millden makes decals and transfer markings.

MEZZANINE CAPITAL & Income Trust 2001. Net asset value per capital share 136.60 and per income share 106.1p at March 31. Net revenue for the year £2.38m (£2.24m) for earnings of 15.83p (14.95p). Final dividend maintained at 7.5p for an unchanged 14.5p total.

NORTHERN FOODS is buying Hildale Farms of Scissett, West Yorkshire, for £3.13m satisfied by £2.53m in cash and the balance in shares.

bought Alpha Offshore Engineering and Management Services and 49 per cent of Alpha Services Norge for a total of

NSM has sold its Bison Cellular Extrusions subsidiary to Rugby Group for £2.61m cash and the settlement of an imragroup loan of £1.49m.

PITTENCRIEFF is making a for Owl Creek Investments to expand its oil and gas produc-tion in the US. The offer is one new Pittencrieff share for every 50 OCI shares, or 2.125p cash per OCI share, and acceptances have been received for 55.7 per cent of OCI.

SANDERSON Murray Elder rights issue has been taken up to the extent of 91.8 per cent. Balance sold in the

SOUTHEND PROPERTY Holdings: shareholders have applied for 1.35m new ordinary shares, representing 9.47 per cent of the 14.22m shares in the open offer. The balance will be subscribed for by the condi-

SYNAPSE COMPUTER Services has sold 81 per cent of Synapse Italia, its Italian subsidiary, to its management for 1,200m (192,000) pins 1,114m L200m (£92,000) plus L114m (£53,000) in settlement of inter-company indebtedness.

UNITECH has sold 55,000 shares in Nemic-Lambda through the market at Yi0.218, raising £2.4m before tax and expenses; its holding is now 51 per cent valued at £250m at current market price and exchange rates. Next month Nemic will acquire the Israeli manufacturing and distribu-tion companies from Lambda Electronics, a US subsidiary of

What's wrong with your current that even the best thought-out financial structure?

you unable to raise the funds you need to develop the business?

financial structure may not be Is your gearing too high? Are ideally suited to today's climate.

> It goes without saying that for some firms, such problems have

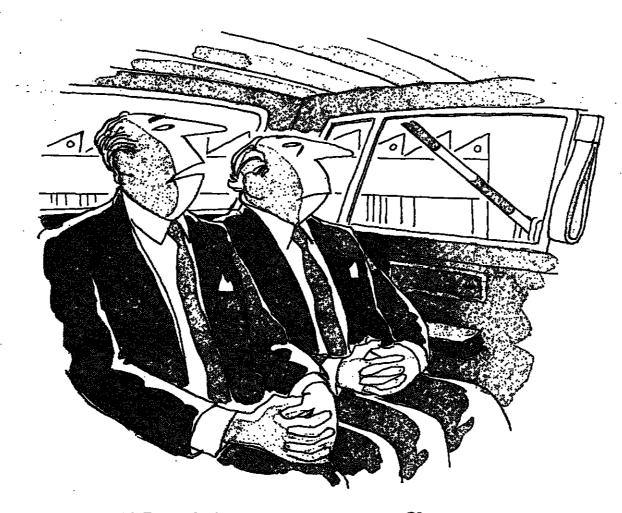
frustrating sense that dealing with the recession in their current financial state is like facing a formidable foe with one hand tied behind their backs.

At Charterhouse, untying knots is something of a speciality.

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disastrous consequences.

But for every catastrophe which hits the headlines, hundreds of firms are experiencing

DIVIDENDS ANNOUNCED

Unitech.

1	Current payment	Date of payment	Corres - ponding dividend	for year	Totei iast year
BLP 6fin	nil	5 975	0.25	0,5	2
City of L'don &fin	2.05	July 24	- 1.86 -	3.09	2.81
Dickle (James) §ird			1.0125	-	1.0125
Metro Radioint		July 4	1.5	- '	5.0
Monks Inv Trust		Aug 1	4.2	6.7	6 -
Rotte & Notanfin		לאל 25 kg	2.7	5.6	4.3
Value Income Tetfin	1.35		12	2.7	2.2
Westlandint	1.25	July 31	1.25	•	3.75

Dividends shown pence per share not except where otherwise sta Equivalent after allowing for scrip issue. fOn capital increased rights and/or acquisition issues. \$USM stock.

Charterhouse Bank Limited, 1 Paternoster Row, St Paul's, London EC4M 7DH. Charterhouse Bank Limited is a Member of The Securities and Futures Authority. A Royal Bank of Scotland Company

UK COMPANY NEWS

Members of Polly Peck creditors' committee named

THE POLLY Peck creditors' some of the £1.1bn the group's committee meets today to creditors are owed. consider details of the administrators' proposals for the group's future, approved last Friday by a creditors' meeting in London.

Members of the committee,

which was elected at the meeting but whose composition was disclosed only yesterday, are Standard Chartered, Credit Suisse First Boston, Société Generale, Rabobank Nederland, and SG Warburg.

They will consider ways of managing the three strongest businesses in the group, PPI Del Monte, Sansui, and Vestel while selling off most other food, packaging and leisure operations in order to raise

Eleven other creditors have been co-opted to the committee as non-voting members. They are Credit Agricole, Arab

Banking Corporation, Friends Provident, Bayerische Vereinsbank, Banco Bilbao Vizcaya, National Bank of Canada, Pos-tel, Fidelity Investment Services, Riggs AP Bank, Mr William Grosvenor, and First City, Texas.

The election of Mr Grosvenor, whose PR company Wheatsheaf acted for Polly Peck before its collapse, is something of a surprise. Mr Grosvenor said on Friday that he would try to represent suppliers and smaller creditors.

BOARD MEETINGS

TODAY Merima- Cariton Communications, MEPC,	Watson & Philip	June 13
North American Gas Investment Trust.	Ameraham inti	June 11
	BPB lods	June 27
Rouls- Chillington, East Surrey Water, Euro-	Barlo	
pean Colour, Gates (Frank G), Huster Saphir.	Channel Express	June 4
Mercury Asset Management, Mid-Kent, Opti-	Electrocomponents	June 5
cal & Medical, Ritz Design, Scott Pickford,	GEI ind	
Southnews, Warburg (SG).	National Grid Co	
	National Grid Hidgs	June 11
PUTURE DATES	Quadrent	May 31
istorimo-	Reed Intl	
Bredstock June 13	Raydinson Securities	
Chemes bid	South Westorn Electricity	June 26

Rolfe & Nolan 27% higher

By Michiyo Nakamoto

at £1.5m

BUOYANT trading in financial futures and options markets supported at 27 per cent increase in pre-tax profits to £1.45m at Rolfe & Nolan Com-puter Services, the computer software specialist, for the year to February 28.

The improvement came on turnover of £6.3m (£5.46m) which reflected firm demand for management and support services in the financial derivatives industry and strong new demand for specialist computer software services in continental Europe where the group has added nine new licence clients.

In contrast, sales to new customers in the UK remained flat as many participants either moved out of the market or turned to lower cost options in an attempt to Recurring revenue from its bureau and facilities manage-

ment and software support operations, which comprise 70 per cent of total group reve-nue, increased by 18 per cent to £4.39m (£3.72m).
Earnings per share rose to
17.7p (13.8p) and a final divi-dend of 3.5p is recommended,

making a total of 5.6p (4.3p).

BLP in loss and plans disposal

BLP GROUP, a USM-quoted maker of wood laminates and mouldings, is selling its Berg subsidiary for £5.1m, writes Nigel Clark. The German com-pany was bought two years ago for £14.5m.

The sale was announced at the same time as a fall into losses in the second half of 1990. The pre-tax loss for the year was £198,000, compared with profits of £2.1m on turnover 14 per cent higher at £54,63m (£48m).

Berg is being sold to a group of purchasers which includes Mr Gunther Berg, its founder and former owner. As a result BLP's gearing will fall from 60 per cent at the end of 1990 to 10

BLP's profits of £468,000 (£1.7m) at the interim stage were said to have been almost entirely attributable to a good performance in Germany by

Berg.

When the larger Berg was acquired in April 1989 it was greeted as an example of the spirit of 1992 and the single European market. BLP described the purchase as a quantum leap which required a doubling of its share capital. doubling of its share capital.
The deal follows the sale last year of TBS for £1.75m to its

former owners.
For the future BLP said that the short-term economic out-look remained difficult in the UK and US and it would not be realistic to expect a recovery

during 1991.

Operating profit was much

reduced at £684,000 (£2.39m) and the interest charge was almost trebled at £857,000 (£293,000). Losses per share came out at 0.88p (earnings 3.81p) and the final dividend is

Compensation limits Kelsey fall to 26%

the year of 0.25p (2p).

Kelsey industries' roofing business was badly hit by the recession and taxable profits fell 26 per cent in the half year to March 31. Mr Brian Arbib, chairman,

said he was certain that the year's result would be well below 1989-90, when pre-tax profit was £3.44m. Including £350,000 compe tion received following a claim against a supplier this time interim profits worked through

at £1.13m (£1.5m) Turnover was £21.45m (£24.86m), reflecting a downturn in most of the companies.

Barnings per share were
19.5p (27.2p) but the interim
dividend is held at 8p.

Pathfinders asks for share suspension

Dealings in Pathfinders Group have been suspended while the USM-quoted company is in negotiations over a sizeable

It is having talks which may lead to the purchase of an unquoted food distribution

Monks Inv Trust net asset value up 4.3%

Net asset value per share of the Monks Investment Trust stood at 399.5p at the year ended April 30, a 4.3 per cent increase on the 383.2p 12 months earlier.

The trust made net purchases of £9m in south-east Asia and a further £10m in the UK. This was offset by net sales of £25m in the US, reflecting the weak economic background and relatively high valuation of the US market. Earnings per share rose by 15 per cent to 7.48p (6.51p) and a recommended final dividend of 4.7p makes a 6.7p (6p) total.

Expansion at Fulcrum Trust

Lower interest rates and a positive contribution from the its dealing subsidiary beloed Ful-crum investment Trust lift net April 30 from £122,000 to £142,000.

Earnings per share were 4.42p (3.79p) and the interim dividend is 3.3p (3p). Since November there has been a rise in net asset value

per capital share of 28 per cent to 1331p. At end-April 1990 it stood at 13.450. Nav per incom share was 43.35p (42.9p).

ORESUND Region

The FT proposes to publish this

June 13th 1991. It will be of particular interest to the 93% of the top chief executives in the UK/Eire and the 40% of leading chief executives in continental Europe who read the FT. If you want to reach this important audience with your advertisement, call

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FT SURVEYS

After a year of activity

OUR RESULTS ARE VERY MUCH ON THE PLUS SIDE

1990 Non-Consolidated Results

CHANGE FROM 1989

Cir	MIOT LIVI	J141 1 70 7	
Customer deposits		10.5%/	
Loans to customers	+	17.0 %	
Customer securities under management.	*	445%	
Shareholders' equity	+	9.2 %	
No. of the lease of the second		77. 678	
Income before taxes	+	14.2 %	
Ne income		79.0 % S	

Dividends: savings shares

14.3 %

The year 1990 was a good year for our bank. Mergers are not always easy; ours appears to be working very well indeed.

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much on the increase. We now have some 370 branches, all in areas of prime economic importance. During the current year we plan to open a further 50.

Not only has commercial banking activity shown progress. Our financial and service subsidiaries have also done well. In merchant banking, our La Centrale company has net profit up by 23%; while our external sales company, Ambro-Italia, has increased its business by some 30%. More and more we are in the forefront as an important comprehensive banking and financial services group.

Copies of our Annual Report are available on request to our Group External Relations department





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GREATER MANCHESTER

The FT proposes to publish this survey

June 14 1991.

It will be of particular interest to the 130,000 readers of the FT who are of Director or Manager status in the UK. Not to mention the Financial Markets who rely on the FT for company

This survey will also prove to be very topical coming as it does hard on the heels of the announcement of Manchester's win of the UK nomination to host the year 2,000 Olympic Games. For copies of the editorial synopsis and advertisement costs contact:

Ruth Pincombe Financial Times Alexandra Building Queen Street Manchester M2 5HT Tel: 061 834 9381 Fax: 061 832 9248.

Data source: BM RC 1990

FT SURVEYS

FIRST AUSTRALIA PRIME INCOME INVESTMENT COMPANY LTD

International Depositary Receipts Morgan Guaranty Trust Company of New York

COMMODITIES AND AGRICULTURE

Brussels gains edge for coming CAP reform battle

LAST WEEK'S marathon farm Council yielded - at the 11th hour on Friday evening – a price-fixing agreement for this year that both agriculture min-isters and the European Com-mission could live with. But it gave Brussels a slight edge going into the much-her-alded reform of the Common Agricultural Policy, talks on

After negotiations lasting all tweek the Commission upheld its position that this year's price package must stay within (\$39bn). Attempts to breach this "guideline" - by 10 mem-ber states led by France dominated three previous farm councils and one EC finance

which should begin next

ministers meeting. But the Commission softened considerably the cuts it unveiled on February 27, and negotiations required three different compromise papers to secure consensus. Brussels main concessions were on:

cent (instead of 6 per cent as Brussels wanted). Farmers will be exempted from this production tax if they take 15 per cent of their land out of production for a year. Producers in exist-ing five-year "set-aside" schemes with lower incentives will get the 2 per cent increase in the levy refunded Farmers will get longer to sign up to the new scheme.

• Milk: The 2 per cent quota cut proposed by the Commission stays. But member states

can restore part of the cut by buying up milk now for which they will be refunded from the 1993-97 budgets at a rate of Eculo per 100kg per year.

Beef: The Commission has dropped its plan to abolish the "safety net". This obliges it to buy and stocknile unlimited. buy and stockpile unlimited amounts of beef once the price falls below 80 per cent of the intervention price. At current price levels this had meant that Ireland, for example, was selling over two thirds of its output directly into EC stock-piles. This mechanism is

retained, but the price level which triggers it drops to 78

per cent of the intervention price on an EC-weighted basis, and 72 per cent in any one ann 72 per cent in any one member state. In addition, the level to which prices have to fall before "ordinary" interven-tion buying takes place will be lowered by 4 per cent, not, as intended, by 8 per cent. Brus-sels will also crack down on the margins by which tenders paid to traders exceed the price actually paid to farmers. ● Sugar: Prices will be frozen rather than cut by 5 per cent.

Oilseeds: Prices will be cut by 1.5 per cent instead of 3 per

 Wine: Prices remain the same, but so too does aid to distill wine for storage, which the Commission had wanted to

reduce.

Tobacco: The average cut in subsidy will be about 6 per cent - not 10 per cent as Brus-sels proposed, nor 15 per cent as it originally wanted.

• Pigmeat: The Commission has undertaken to re-examine the private storage aid system it closed down in February as cut by 2 per cent as planned, but held over until next year and compensated by the more than doubling of the premium paid in disadvantaged areas.

These modifications amount to significant concessions to

the EC's variegated farm con-stituencies. The Commission believes they will cost an extra funded, officials say, from savings on export subsidies as a result of the strengthening dollar, from slowing down payments and from management But the Commission has

faced down a concerted attempt to raise the guideline. Although CAP spending has increased by a record 30 per cent Mr Ray MacSharry has temporarily won the argument that there is little point spending over more than this on ing even more than this on subsidising beef, cereals and milk that the EC can do noth-ing with except stockpile or

The softened cuts amount to little more than a bolding oper-ation. The main impact, according to Mr MacSharry, out of next year's cereals harvest. This will almost certainly still come in at over the maxithereby triggering an addi-tional 3 per cent price cut, or "stabiliser", designed to penalise overproduction.

Politically, three elements should help the Commission's case for reform. Beef, butter, and cereals mountains will remain unsustainably high. This overhang on the market will keep prices and incomes depressed, demonstrating that even 30 per cent spending increases do not feed through to farmers under the present,

skewed system.
Second, the price package establishes the link between price support and set aside which will remain one of the main features of a reform package designed to bring supply and demand into bal-

Third, the long battle over money may have been intended by some agriculture ministers to soften the Com-

debate. But it now looks as though it is they who have been left a little exposed. It will be more difficult for them to reject the reform package on the grounds that it will be more expensive.
The Commission got its

result last week partly because Mr MacSharry threatened to take the price package out of farm ministers hands and send it to the Community's finance ministers. The agriculture ministers can expect to see Brussels trying to bring their finance colleagues - and, eventually, heads of govern-ment - more directly to bear on the farm policy reform

Not only would the higher cost of a reformed regime need sanction at this higher level. It is in the Commission's interest to get a full examination of the overall effect of reform, including the impact on national treasuries, benefits to the environment, consumer gains, and not least, whether a remodelled CAP can unlock agreement

Alarm raised over EC plan to allow 'patents on life'

EUROPEAN FARMERS could be badly hit by plans to allow patents on life due to be considered by the European Par-liament's legal committee this week says Barcelona-based Genetic Resources Action International (Grain) in a report published today.

The European Commission's

proposed directive on patenting biotechnological products and techniques "could mean that farmers will have to pay royalties when they re-use for sowing seed which they have saved from the previous year's crop", says the report. Britain's National Farmers' Union also opposes the principle of royalties on farmer-saved seed.

If farmers can no longer use their home-grown seeds for planting, as happens for about half the cereal needs in Europe, "and have to pay even higher royalties on patented nigher royalities on patiented seed every single year, the rise in price will inevitably be passed on to the consumer – or the taxpayer, should subsi-dies come into play," claims

mittee is studying a three-year-old draft while it says the com-mission is keeping the updated – and substantially modified – version close to its chest.

"The whole exercise makes a mockery of democracy", claims Ms Renee Velive of Grain. If the committee gives the go-ahead and the European Parliament approves the plan

in July, the directive will go to the Council of Industry Ministers in which agricultural, environmental and Third World interests are not repre-

sented say Grain.
The European Patent Convention in 1973 explicitly excluded plants, animals and biological processes from patenting but the development of biotechnology has brought strong pressures for patent protection for their biotechnological products from European companies which fear they will loose out to the Americans and

No longer will plant and ani-No longer will plant and am-mal breeders be able to use each other's techniques freely to bring new varieties to the market but will have to pay royalties to patentees, claims Grain. This will also disadvan-tage breeders lacking strong

biotechnology programmes.

Species, genera, families and other categories of life – they as long as they were not called varieties – would also be open to legal owership, Grain says; and that could include human tion of ownership of plants and animals by multinationals would lead to reduced species diversity and increase the vul-nerability of food production. Patenting Life to Become Legal in the EC - An assessment of the draft EC directive on biotechnology patenting: Grain, Apartado 23398, E-08080 Barce-lona, Spain.

Wringing a bare living from Wordsworth country

The beauty of the Lake District imposes burdensome responsibilities on its hard pressed farmers

beautifully. It was, after all, his famous bank of daffodils and just over the hill from Cottage at Grasmere where he spent the greater part of his life. This year's crop of Cumbrian daffodils had disappeared, however, when I was there last week to look at the fells and the sheep and to talk to some of those who try to make their living from

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PROPERTY AND ADDRESS.

On the afternoon in question I was half way up a fell near the Lakeland village of Glen-ridding. Below Ullswater glistened intermittently as the wind whisked woolly clouds across the sun. Above, beyond

Striding Edge, Helvellyn reached 950 feet towards the sky and all around were ewes and new-born lambs.

My host was Mr George Wilson who, with his brother and two other men, runs the 4,500lacre Glencoyne farm, one of family owned 16 farms in the the biggest hill farms in the Lake District. However, too the children's authoress, much significance should not known locally as Mrs Heelis, be attached to the number of most of these farms were left mattered was whether the land faced the sun and grew grass. man nor beast, except to look

at and admire. Like their neighbours the Wilsons' main enterprise is sheep rearing, with a few breeding beef cattle kept on the stone walled paddocks around the house. The sheep



By David Richardson

the Herdwick

flock is based on about 3,000 ewes, the majority being Swa-ledales with a few North Country Cheviots and Herdwicks.

The choice of sheep breeds in the Lake District is limited to those that are hardy enough to withstand the severity of the winters. On many of the farms owned by the National Trust, however, tenants are only allowed to keep one breed -

The history of this restriction dates back to the days, when Beatrix Potter and her tion that only Herdwicks were kept on the land in perpetuity. Other landowners followed her example with the result that there are large areas of lake land that still carry the picturesque brown and grey ewes and their black-fleeced lambs to the exclusion of improved and more productive breeds.

Although he is one of the National Trust's tenants his tenancy agreement gives him the freedom to introduce other breeds. He suffers just as his neighbours do, however, from farming in one of the most scenically attractive areas of

Each year, he told me, between 400,000 and 500,000 people walked across his farm. Most of them do not stick to the designated paths but that is not necessarily a problem. It is a problem, however, when some of the walkers decide it would be fun to roll the rocks from the stone walls down the fells to see how far they will

Mr Wilson was convinced that the majority of offenders had no idea of the damage they were doing nor of the fact that the walls might have been built by French prisoners taken during the Napoleonic Wars or even 400 to 500 years before that. There is evidence to suggest that the first stone walls were erected in the 14th

It is the tenant's responsibility to maintain the stone walls that run across a farm and to enough repair to contain livestock. But labour is not so plentiful nor so cheap these days and Mr Wilson says that the 12 miles of walls across Glencoyne farm are becoming too big a financial burden. The fact thaild seven yards of wall puts that statement into perspective and demands among

trict that the government or some other agency should take on the repair of stone walls are becoming steadily more stri-

eanwhile the govern-ment, together with the EC, is already heavily involved in the agricultural economy of the area. Mr Wilson concedes that about 60 per cent of his income comes in a brown envelope from the Ministry of Agricul-

Like all UK sheep farmers be

qualifies from the annual ewe premium, which this year will nount to about £14.50 a head. In addition, because he lives in what is designated a Less Favoured Area, he receives a Hill Livestock Compensatory Allowance of 4 Ecus (£3.12) a ewe, 25 per cent of which is paid by the European Community and the rest by the UK government. And because his farm is classed as severely disadvantaged and he has to keep hardy breeds of sheep he will receive a further £8.75 a ewe. The aggregate effect of all this is that for every breeding ewe he keeps Mr Wilson will receive £26.37 from the government. His other income, from sales of lambs and wool, is likely to be somewhat less than that figure. Lambs, about one from each ewe, sold as "stores" hill, made £24 each in 1989 but only £12 in 1990 because of

poor demand caused partly by the UK drought and partly by

706 729 750

WORLD COMMODITIES PRICES

This year he hopes the price will be somewhere between those of the last two. Mean-while the value of wool has fallen as a result of world (mainly Australian) overpro-duction and is unlikely to be worth more than £2 a fleece

shorn.
The above average size of the Wilsons' enterprise enables them to stay solvent, although that only holds true while there is little or no borrowing and minimal interest charges to pay. Most of the farms in the area, however, can only carry 600 to 800 ewes and that makes profits more elusive, especially as they are only just being released from five years of restrictions on lamb sales imposed after the Chernobyl

To help make ends meet many farmers' wives provide bed and breakfast for summer tourists and open cafes in their kitchens for passing walkers. One farm I visited offered B & B at only £12 a head - a bar-gain even if you slept in the barn. Whereupon the National Trust increased the rent of the

As farmers gather their sheep from the steep fells of lakeland Brussels must seem a long way away. Nevertheless they know only too well that their survival in business depends on decisions made

They are aware that last week's agreement on EC farm

status quo was only a prelude to the main event of CAP reform. They wonder, when that happens, if the grants and guarantees on which they rely so heavily will be maintained or whether they will be thrown out in the interests of efficiency and the free operation of market forces.

The irony of their situation does not escape them. If their sheep did not graze the fells the whole nature of the Lake District would change. If they did not live there to provide bed and board and character to the area the tourists in their millions would find it less attractive and would doubtless

The fact is that it is not possible to turn lakeland into a museum. To keep it as attrac-tive as it is it will be necessary for farmers to keep on farming it much as they have done for hundreds of years. And that will not be possible if most of the grants now paid for the production of sheep are with-

In microcosm the Lake District epitomises the dilemma politicians must face when the whole of British agriculture. The choice some say is between a dynamic countryside in which British farmers produce perhaps 70 per cent of the food required by 56m people, and a gigantic theme park where rustic yokels demonstrate how they used to farm while supermarkets are stocked from overseas.

'No change' on rubber pact

MR ALDO Homeister, buffer stock manager for the Interna-tional Natural Rubber Organi-sation, has denied plans to step up price support buying following a reported agreement between delegates at a meeting here last week, writes Lim Siong Hoon in Kuala Lumpur. He said that while producers

as soon as the 176 Malaysia/ Singapore cents "may buy" level was breached there was no policy change. Last week's communique in which Inro said it needed "more effective buffer stock intervention" had been interpreted by producers,

MINOR METALS PRICES

Bulletin (last week's in brack-ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 1,600-1,650

(1,630-1,670). BISMUTH: European free per lb, tonne lots in warehouse, 2.70-2.90 (same). CADMIUM: European free

market, min. 99.5 per cent. \$ (1.95-2.10). COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 14.20-14.65 (14.30-

MERCURY: European free

Prices supplied by Metal market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, 110-120 (125-135). MOLYBDENUM: European free market drummed molyb-

house, 246-252 (248-254). SELENIUM: European free lb, in warehouse, 4.80-5.40. TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg) WO₃, cif, 54-60 (same). VANADIUM: European free

market, min. 98 per cent, \$ a lb V₂O₃, cif. 2.35-2.40 (same). URANIUM: Nuc exchange /value, \$ per lb, U₃O₈,

MARKET REPORT

GOLD PRICES rallied strongly in late afternoon trade as market talk of Middle East buying sparked heavy short-covering in the US. The London bullion market price touched \$361.50 a troy ounce the highest level since April 18 - before closing at \$361, up \$4.95 from last Friday's close. "No one is sure of the buyer, but it looks to be a Middle East bank", one dealer said. He said the price fell below \$355 early in the afternoon before finding support. The easier aid. The dollar's fall also influenced the London Metals copper price, which fell to a three-month low of £1,270.50 a

London Markets

*Crude oil (per barrel FOB)		+ 01 -
Dubai Brent Blend (dated) Brent Blend (Jul) W.T.i. (1 pm est)	\$16.00-6.15u \$16.90-6.05 \$18.40-8.50 \$21.25-1.30u	+ .175 + .125
Oil products (NWE prompt delivery per to	onne CIF)	+ or -
Premium Gasolina Gas Oli Henry Fust Oli "Henrichts Stephylipa Stephylipa Argus Estimates	\$245-248 \$185-185 \$70-72 \$206-208	+1 +3 +1
Other		+ cr -
Gold (per troy oz) - Silver (per troy oz) - Silver (per troy oz) Palladium (per troy oz)	\$361.00 415.5c \$369.00 \$98.50	+4.95 +9.0 -1.25 -0.75
Aluminium (tree market) 2009per (US Producer) Lead (US Producer) Nicket (Pre market) Tin (Kusta Lumpur market) Tin (New York) Zunc (US Prime Western)	. 105a . 35e 366c	-5 +1 +2 +8
Cettle (live weight)? Sheep (dead weight)? Pigs (live weight)?	112.26p 144,60p 84.02p	+0.82° -41.45° -6.77°
London daily sugar (raw) London daily sugar (white) Tate and Lyle export price	\$201.6q \$302.5q £223.5	-0.4 +3.0
Barley (English lead) Muize (US No. 3 yellow) Whost (US Dark Northern)	21064 2180.5 2106	
Rubber (Jul)♥ Rubber (Aog)♥ Bisbber (KL RSS No 1 Jun)	53.50p 54.60p 225.0m	+ 0.25 -0.25 -1.0
Coconut oil (Philippines)	£330.0v	

onne in the cash position. The three months price was down still more sharply, by £30 to £1,288.50 remained focused on labour relations at the Chilean Coppe Corporation (Codelco), news that supervisors at El Salvador, the producing 90,000 tonnes of cathodes a year, had rejected a pay offer and voted to strike had little impact. Nickel closed sharply higher after rallying on nervousness shead of the May 31 deadline for labour negotiations at Inco, the western World's largest producer. The cash price

SUGA	R – Lond	en FOX	(\$ per ton
Raw	Close	Previous	High/Low
Aug	171.40	171.80	173,40 170.00
Oct Dec	169.40 172.40	170.80 175.00	172.80 168.80 173.00 171.00
Mer.	171.40	173.00	174.40 172.00
White	Close	Previous	High/Low
. وس	290.5	290.0	294.5 289.8
Oct Dac	258.0 252.0	258.0 250.0	261.5 257.0 253.5 253.5
Mar ·	251.5 ·	250.6	253.9 251.0
Oct	251.0	247.5	249.1
Turnov	er: Raw 5 1227 (1540	14 (791) lot	s of 50 tonnets.
			: Aug 1677, Oct
CHUD	LOIL - I	PE	\$/foad
	وثميا	et Previo	us High/Low
Jed	19.47		19.54 19.35
Aug ·	19.70		19.73 19,55
Sep Oct	19.85 19.90		19.85 19.73 19.90 19.88
Nov Nov	20.00		20.00
PE Ind			
Turnov	er 8675 (6	970)	
GAS O	il – Pi		S/to
	Letest	Previous	High/Low
đun.	179.50	176.75	178.50 177.00
JUS 	175.25 176.50	179.75 175.00	175.50 174.25 176.50 175.50
Aug Sep	- 178.50	177.25	178.50 177.75
Oet	180.50	178 75	180.50 180.00
Nov	182.50	162.00	182.50 182.00
Dec	183,50	182.50	183.50 182.50
Jen	181.00	179.75	181.00 T90.50
. Leav	177.00	177.00	178.00
		9265 lots of	100 tonnes
Feb	er 8181 (6		
Feb	er 8181 (6		
Feb	er 8181 (6		

Termover: 2213 (3876) lots of 10 termos ICCO indicator prices (SDRs per term price for May 28 790.85 (775.42) 10 day for May 28 780.40 (761.98) COFFEE - London FOX 510 505 536 530 Close Previous High/Low 134.5 130.0 132.5 129.00 129.00 133.00 139.00 1688 1550 1640 1640 1600 1734 134.00 135.25 112.40 111.60 135.50 134.00 112.40 114.80 121.15 Previous 109.70 109.50 115.60 113.30 118.60 108.35 112.10 Turnover: Wheat 138 (213), Barley 104 (49). Turnover lots of 100 tonnes. PIOS - London POX (Cash Settlement) p/kg 116.5 116.0 106.0 104.8

137,94 139,20 140,10

138.31 139.40 139.80

129.80 139.80 140.90

140.10 140.00

CRUDE OIL (Light) 42,000 US galls \$/berrel OYABEANS 5,000 bu min; cents/60th bushel 21.31 21.32 21.33 21.36 21.38 21.34 21.33 21.25 21.18 itum, 99.7% purity (\$ per tonne Cash 1263-5 3 months 1295-6 Cash 1270-1 3 months 1288-9 118,262 lots Leed (£ per tonne) Total daily turnover 2,834 lots Cesh 313-4 3 months 325-5.5 325.5/324 13,508 lets Mickel (\$ per tonne) LME Closing \$7\$ rate: SPOT: 1.7427 Previous High/Low SOYABEAN MEAL 100 tons; \$/ton Previous High/Low **New York** LONDON BULLION MARKET (Prices supplied by N.M.Rothst GOLD 100 troy oz.; \$/troy oz. Gold (fine cz) \$ price Dey's high 381,50-352.00 Day's low 354.00-354,50 98.70 92.00 95.10 96.10 99.30 100.75 89.25 92.30 95.50 97.10 99.40 101.05 MAZZE 5,000 bu min; cents/58th bushel p/fine oz US cts equiv PLATINUM 50 troy az; \$7troy az. 397.5 401.9 406.1 410.1 414.1 392.8 397.1 401.3 405.3 409.3 398.2 402.5 404.5 405.0 meteriupe 3 \$ price Krugerrand 358.00-357.00 205.25-205.75 New Sovereign 86.00-87.00 COTTON 50,000; cents/fbs SELVER 5,000 troy az; cente/tray az. 91.00 81.78 76.05 76.80 77.20 77.10 m; (99.7%) Carls Puts 90.78 75.89 76.60 77.05 77.10 Oet Dec Mar May 76.00 75.50 76.10 74.65 402.8 75,47 76,00 74,60 Jun Jul Sep Dec Jan May Jul Sep 422.5 429.6 491.7 437.3 442.7 448.0 48 97 154 111 18 60 131 Close Previous High/Low 124.05 123.25 120.00 Jul Sep Jul Sep 47.20 47.20 45.35 49.72 62 3 27 25 10 69 HIGH GRADE COPPER 25,000 lbs; cents/lbs 99.20 98.80 98.40 98.05 97.75 97.40 OOW JONES (Base: Dec. 31 1974 = 100) 59.10 56.90 57.06 57.20 57.50 May 24 May 23 moth ago yr ago Jul Aug Jul Aug

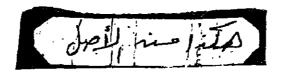
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LONDON STOCK EXCHANGE

Shares edge higher in poor volume

POOR trading volume provided the chief, and virtually sole, feature yesterday of a UK stock market convinced that last Friday's cut in base rates may be the last for some time. The FT-SE Index managed a small gain, largely on the back of selective demand for pharmaceutical stocks. But the broad range of equities lacked direcion, and even the ICI/Hanson situation began to lose its edge as City analysts assessed the regulatory hazards potentially

The day's Seaq-reported trad-og volume of 288.5m shares it well under average levels wen for the languid markets of nt weeks, and contrasted sharply with the 436.9m recorded on Friday. Such leadng stocks as ICI and BAT stries struggled to record

Account Dealing Dates Option Declarations: May 30 Jun 13 Lest Declines: May 31 Jun 14 Jun 28 Account Day: Jun 10 Jun 24

in the FT-SE 100 list failed to approach that level. Share prices opened firmly behind Wall Street's double digit gain on Friday and, after momentary hesitation, extended their gains as Glazo stood out in a well-supported pherospectation to the property of the statement of the st pharmaceuticals sector. Unforinnately, drug stocks could not maintain their early advance. For the remainder of the trading day, there was little to attract attention in equities. A promising start to the new

the mood in early afternoon, but by the London close New York was below its early best. The final reading showed the FT-SE Index at 2,479.7, a gain on the day of 8.6 points. At this level, the UK market is comfortably inside the new trading range identified last week, when the Footsie mark of 2,450 was established as the lower end of the range.

There is less agreement as to the top end of the new range since this depends on views of the progress of the recession in the UK. At Kleinwort Benson Securities, the London based merchant bank, Mr Trevor Laugharne believes it will be difficult for the Footsie to move above 2,560 "unless Wall Street breaks loose or Hanson puts some money on the table".

Kleinwort agrees with some others in the UK market that the UK recession is still deep-ening and that there will be little relief until the third quarter of the year. "Recovery deferred", was the comment yesterday from another leading securities house.

However, the relative absence of selling last week when the market was strug-gling to hold FT-SE 2,450 underlines positive views about equities later this summer and into next year. By then, say the optimists, hase rates will have been cut again and the government's showing in the public opinion polls

should be improving.

There was little further response yesterday from the consumer and retail sectors to Friday's half-point cut in domestic base rates. GUS, a very thinly traded stock, edged higher, but there was no significant move from Marks and Spencer, the prominent high street retailer. Similarly, among the brewers, a gain in Guinness had nothing to do with views on retail spending.

The advances among the pharmaceuticals, however, reflected wider views in the marketplace. Drug stocks are seen as the most guaranteed recession-proof stocks in London, while their international characteristics has marked them out as the best invest ment means of spanning global stock markets. Also, UK drug stocks benefited from analysts suggestions that ICI might seek joint developments of spin-offs for its pharmaceuti-cals operations if it faces further aggressive action from the Hanson camp.

FINANCIAL TIMES STOCK INDICES 82.17 127.4 84.99 85.88 (2/1) (9/1/35) (3/1/75) 90.59 (2/1) 105,4 50,53 (28/11/47) (3/1/75) 1037 0 1032 5 1933.4 1942.5 1606.3 2014.5 (5/4/91) (28/6/40) (16/1) Gold Mines 127.0 (22/2) (15/2/83) (26/10/71) FT-SE 100 Share 2471.1 2482.8 2485.9 2482.7 2295.6 2545.3 2054.8 2545.3 986.9 (5/4) (18/1) (5/4/91) (23/7/84) 938.62 1176.39 938.62 (18/1) (15/4/91) (16/1/91) Ord. Div. Yleid Basis 100 Gard. Secs 15/10/26, Flood at. 1828, D ●Earning Yid %(full) ●P/E Ratio(Net)(☆) 8.64 14.28 8.67 14.**2**0 8.59 14.33 8.65 14.23 8.64 14.30 11.43 10.58 1/7/35, Gald prints 12/9/55. Basic 1000 FT-58 & FT-5E Eurologic 200 20/10/90. \$\pi\$ 13.67 SEAQ Bargns 4.45pm Equity Turnover(£m)† Equity Bargains† Shares Traded (mi)† 25,274 802,21 24,270 391,5 24,000 27,335 830.41 889.24 23,253 27,344 373.4 407.0 28,178 21,836 GILT EDGED ACTIVITY Indices* May 24 May 23 Gilt Edged Ordinary Share Index, Hourly changes Day's High 1938.7 Day's Low 1933.4 Bargains 102.6 75.4
 Open 1935.8
 9 am 1937.6
 10 am 1938.4
 11 am 1938.5
 12 pm 1937.0
 1 pm 1936.1
 2 pm 1936.1
 3 pm 1936.1
 4 pm 1937.4
 5 - Day average 90.2 89.4 FT-SE 100, Hourly changes Day's Low 2475.6 "SE Activity 1974. Day's High 2482.5 Open 9 am 10 am 2476.9 2475.9 12 pm 1 pm 2 pm 3 pm 4 pm 2479.9 2479.7 2480.8 2478.8 2479.4 London report and FT-SE Eurol rack 200, Hourly changes Day's High 1172.10 Day's Low 1168.03 12 pm 1 pm 2 pm 3 pm 1170.26 1171.08 1170.99 Open 10 am 11 am 1169.37 1168.22 1188.50

Guinness steady at close

GUINNESS was weak in steady de and against the market tuend. There were fears of a giut of stock as some analysts ommended holders of the company's unsecured loan stock and convertible preference shares to take the opportunity to convert into ordinary:

The annual conversion days are May 31 for the loan stock and June 3 for the preference shares. If all holders converted, there would be 90m new dares, an increase of about 10 per cent on the number cur-rently in issue, according to Mr Mike McCarthy of Smith New Court.

There was some uncertainty.

too, after a story emerged from the Paris stock market that Guinness might increase its 24 per cent stake in LVMH, the French luxury goods group. The arrangement between the two companies includes a clause that allows them to end their relationship after July 31. Guinness said yesterday: "This is a technicality. We have no intention of using that clause." Finally, there was vague talk arly in the session of a rights issue. This was dismissed by analysts, who pointed out that the company had reneatly issue buying its shares. Guinness was 11 lower at worst before recovering to end unchanged at 934p. LVMH rose 4.1 per cent in Paris.

Glaxo in demand

A renewed burst of enthusinam for Glaxo pushed the shares 41 higher to 1228p, and accounted for half the day's rise in the FT-SE 100 index.

There was once again talk of the prospects for the company's new drug, ondansetron, which is likely to feature at a healthcare conference in Florence, Italy, on June 9. After trading closed, however, Glazo tried to dampen speculation. "The market has perhaps got a little excited," Glaxo said. "It will be several years [to develop a marketable drug] even if all goes well."

Glaxo also found support, along with the rest of the drug sector, as analysts and investors considered born [C] might

tors considered how ICI might defend itself against a possible bid from 2.8 per cent stakeholder Hanson, Speculation centred on sales or part disposals of ICI's drugs business, which the City estimates to be worth £6bn to £8bn; ICI is

strong in the cardiovascular area, where Glaxo is weak.

Analysts countered by pointing to Glaxo's arowed policy of going it alone, which suggested that any such deal was unlikely to involve Glaxo. SmithKima Beecham, added 4 at 786p, having been 12 ahead at one stage, while Fishus, up 13 at the day's best, anded a net 2 up at 475p. One analyst suggested Sandoz, of Switzerland, should also be included in a list of possibles.

Gas busy

British Gas edged shead to 43p on 3.2m shares traded as dealers reported a strong undercurrent of support for the shares ahead of Thursday's inary figures.

The range of analysts' fore-casts of historic net income for Gas is from £1.1bn to £1.25bn, with the majority going for the top end of the range. There was general agreement among specialists that Gas will announce further job cuts, among a series of general cost cuts, as well as a better than expected dividend payment. The shares had been upset by the regulatory review, but have picked up strongly in recent sessions amid suggestions of a higher than expected final dividend. Most broking houses are going for a 17 per cent rise in final dividend, to 8.55p, giving a total of 12.3p, also up 17 per cent. Yesterday there were hints that a total of

the second round of boos trading for the sale of the two coline market and also to what scottish power generators. The it describes as spectacular gas discoveries near Morecambe, were actively traded, with west England.

National Power a fraction

Takinwart Benson and the second round of book easter at 139%p, on turnover of 7.7m, despite news that clients of Nomura, the Japaneseowned broking house which moved in as an aggressive buyer and accumulated an 8 per cent-plus stake in National within weeks of its flotation, had reduced its holding to 7.6

per cent, or 97.05m shares. PowerGen hardened to 146p on 5.2m. The Electricity Package moved up 8 to £2213. Worries that Ofwat, the industry watchdog, may take a much harder line on charges in the event of what it perceived as excessive profits or dividend took the edge off the sector. The Water Package lost 13 to

P&O was depressed by talk of stock overhanging the mar-ket and slipped 8 to 580p. One trader said lines of 500,000 and 800,000 shares were hanging over the market and only the smaller block was traded. A sluggish oils sector pro-vided a handful of features in

the exploration and production stocks, which were persistently sold for much of the session and closed at the day's lowest levels. Mr Philip Lambert of Kleinwort Benson said the E & Ps were "suffering from institutional indigestion" which would only be offset by "industrial liquidity" in the form of takeover bids in the Lasmo was prominent. It lost

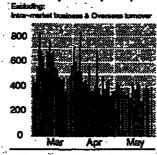
8 to 317p on turnover of 1.3m shares, relatively high for the stock. Enterprise dipped 6 to 5160 on a thin 78,000 shares. Lasmo featured strongly in the traded options market.

Ultramar was also given a rough ride, closing 6 down at 297p, with around 1m shares traded. One broking house was said to have been an aggressive seller, although there 125p could be on the cards. remained a number of supportby Billities were saized at the lars of the stock. Kleinwert
market awaited indications of Benson said the shares will
the second round of book respond to a tightening US gas-

both Kleinwort Benson and Smith New Court promoted buying of Courtanids, up 4 at 393p. Mr Jeremy Chantry of Kleinwort raised his estimate of current year profits by £10m to £200m, which gives earnings per share of 37.3p on a higher tax charge. On a prospective

FT-A Ali-Share Index 1200 1150 1100

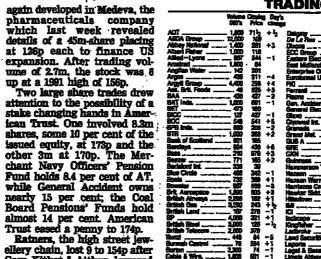
Equity Shares Traded



rating of 10.4 times, Courtaulds looks good value, he said. Mr Charles Lambert of Smith changed stance, saying he would now look to buy on any further weakness in the shares. .A cautious annual meeting yesterday boded ill for Rolls-Royce in relatively brisk volume the shares moved dust the market to end 3 off at 148p. British Aerospace edged forward to 605p on vague talk that the group may be considering US trading links or even merger possibilities industrial materials group

Morgan Crucible gave ground to 235p, a loss of 5, in spite of a buy recommendation. Smith New Court said the latest pointment and, given the recent earnings performance, this was understandable. Nev-ertheless, the shares are not expensive, earnings should benefit from any strong recovery in 1992 and the yield is attractive, it added.
Cookson, another industrial

materials maker, suffered continued weakness from the admission at Friday's annual meeting of the group's difficult trading climate. The shares closed 5 off at 113p with turn-over boosted to 5.9m by a sin-gle transaction of 1m shares, get transaction of in shares, effected at 112p. Smith New Court, however, believes that while the current year's outlook is very dull, 1992 should see the start of a strong recovery. It rates the stock a buy. Laporte, the chemical group downgraded by Hoare Govett on Friday, relinquished 7 more to 526p. Analyst Mr Martin Evans advised clients to sell



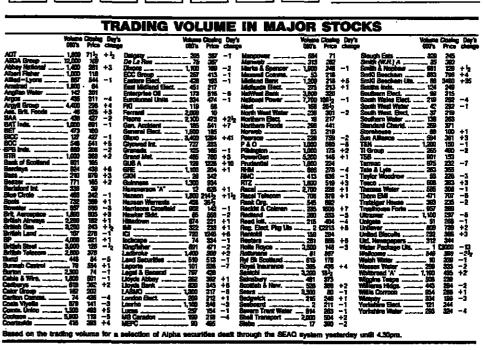
end of year profits. Some observers argued it was too early to evaluate a company which traditionally does 90 per cent of its business in the two months before is, but Mr Tony Cooper of Carr said his cut by £18m to £106m was based on the UK economy and its effect on the retail sector.

Carr Kitkat & Aitken lowered

its estimate for the company's

Asda was unaltered at 109p on a heavy turnover of 12m shares. Traders said one securities house bought 3m shares after the close of trading on Friday at 104p and sold a block of 3m yesterday at 106p.

 Other market statistics. including the FT-Actuaries Share Indices and London Traded Options, Page 23.



EQUITY FUTURES AND OPTIONS TRADING

BANK holiday lethargy hung over the derivative markets yesterday and a strong open-ing on Wall Street failed to save them from one of the quietest days this year. On the Liffe, the June FT-SK 100 contract climbed to a pre-

mium against the underlying index when Wall Street opened. However the US maropened. However the US mar-ket faltered later in the afternoon and dealers took profits when the FT-SE future was 15 higher than the equity index - six points above the esti-mated fair value. The June future closed at 2,491.5, just above fair value, on low turnover of 2.024. The September future, which began to be traded at the end of last week, saw around 100 lots dealt as investors rolled into the late expiry contract. Business on the traded options floor was also desultory. Only two equity options saw more than 1,000 contracts traded. Racal was busy as

investors took a bullish stance ahead of the company's expected June 12 announcement about demerger proposals. One securities house sold 500 August calls, contracts that gamble on the stocks ris-ing, to buy 500 May calls in the hope that the underlying shares would rise this week. Volume in the FT-SE option was low and total turnover was well below the norm at 16,123 - evenly split between







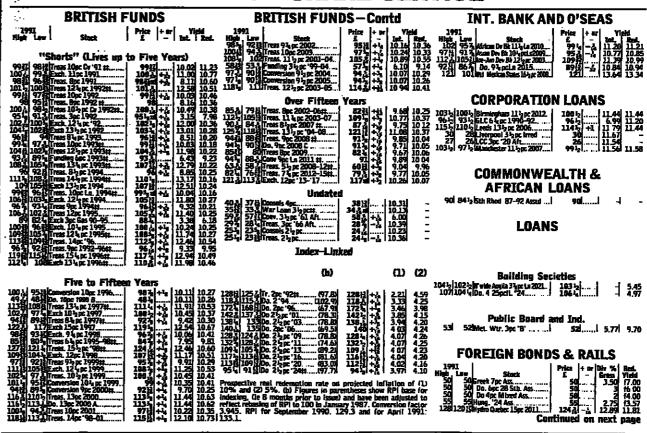
NEW HIGHS AND LOWS FOR 1991





and he cut 1992 profit expecta-tions to £117m from £130m. Above-average business

LONDON SHARE SERVICE



APPOINTMENTS

Changes at Yamaichi **Securities**

¿ 📕 Mr Taro Yamada is returning to Japan to become head of YAMAICHI SECURITIES CO capital markets division. He is senior managing director in charge of Europe and the Middle East, and chairman of YSC's London operation, Yamaichi International Europe. Mr Yamada's present

responsibilities will be shared between Mr Hitoshi Ishihara, deputy president of YSC and Mr Harno Sato, managing director and head of YSC's international division, with Mr Ishihara becoming chairman of YIE and Mr Sato becoming managing director for Europe and Middle East.

■ The VINIRERIA group, wine shippers, has appointed Mr Bill Page as joint managing director from June 1. He joins from his own company, Page Wine Agencies, which will now form part of the group. He was managing director of Grants of St James wine division, and of Italvini.

Professor Tom Patten has been elected president of the Institution of MECHANICAL ENGINEERS. He is a consultant specialising in offshore technology. non-executive chairman of Sealand Industries, and a

non-executive director of Pict Petroleum, Melville Street investments, and Marine Technology Directorate.

Mr Christopher Souter has

been appointed a logistic

support manager with Tyneside shipbuilder SWAN HUNTER. He formerly ran his own business, Souter Ship **■ THE INCORPORATED** SOCIETY OF BRITISH ADVERTISERS proposes to elect as president on July 3

Sir Graham Day, chairman of Rover Group, and of Cadhury Schweppes. ■ The Treasury has appointed Mr F.E. Worsley as a part-time member of the BUILDING SOCIETIES COMMISSION. He is a past president of the Institute of Chartered

Accountants in England and Wales, chairman of the Financial Training Co, and a public interest director of Mr Ian R. Payne, a director

of Fleming Investment Management, has been appointed as an adviser to THE CHARITIES OFFICIAL INVESTMENT FUND, and the LOCAL AUTHORITIES MUTUAL INVESTMENT TRUST.

United artists cable international, uk subsidiary of United Artists Entertainment Company based in the US, has appointed Mr Bruce Smith as vice president, marketing. He was chief

operating officer with United Artists Programming.



Mr Alistair J. Beeston (pictured) has been appointed director of group credit at LOMBARD NORTH CENTRAL. finance house subsidiary of National Westminster Bank. He will be responsible for credit approval, default and recovery administration across the Lombard group. Mr Bees-ton was director of corporate finance, corporate and institutional finance, at NatWest.

■ BARIS HOLDINGS has appointed Mr Bill Thompson as finance director. He was finance director of Peter Pan

■ Elected for a three-year term as members of THE ENGINEERING COUNCIL are: Professor Colin Andrew, professor of manufacturing engineering, Cambridge University; Sir Colin Chandler,

managing director, Vickers; Mr Michael Hoffman, chief executive, Thames Water, and Mr Norman Penny, senior manager, private services, BT Business Communications.

Mr R.B.M. Way, chairman of SYKBS-PICKAVANT GROUP, assumes the additional role of chief xecutive on June 1. Mr P.S. Farnell, group managing director, is leaving the group to pursue other interests.

■ LUCAS has appointed Mr Ian Webb as general manager UK distribution. He was with



Mr Magne Seljeflot (pictured) has joined ALEXANDER & ALEXANDER MARINE & ENERGY as deputy chairman, business development, based in London. He was senior vice president of the oil and energy division of Storebrand International in Oslo, Norway.

KOREA LIBERALISATION FUND LIMITED International Depositary Receipts evidencing 1,000 ordinary shares of USS 0.01 each Notice of Annual General Meeting of Shareholders

Notice is hereby given that the first Annual General Meeting of the company will be held at the Watermen's Hall, St Mary at Hill, London ECS on the 12th June, 1991 commencing at 12 noon to transact the following business: To receive the report of the Directors and Auditors and the audited accounts period ended 3 lst December, 1990.

2. To declare a dividend of 5.45 cents per ordinary share to be paid on 19th July, 1991.

3. To re-elect Directors (a) CP RAMSAY-HORLER (b) SM SEARLE
4. To re-elect Directors (a) CK KIM (b) PT ADDERSON (c) KAP KENNY

IDR's-holders must defiver the IDR's to the Depositary at the latest on 7 June 1991 at the address given below (attention: Securities Department-telephone 508 82 15 - telex 21722 MORBE B)/instruct the depositary as to the manager in which votes should be returned after the votes should be returned after the

Copies of the Annual Report of the Company are available at Tyadall Holdings PLC, 25 Backlembury, London BC4N 8TH and with the Depositary at the address indicated below.

Morgan Guaranty Trust Company of New York 35 avenue des Arta, 1040 Brossels.



FUTURES AND

CAL Futures Lad Windsor House 50 Victoria Street London SWIH ONW FOREIGN EXCHANGE Tel: 071-799 2233 Pag: 071-799 1321 24 HOUR COVERAGE

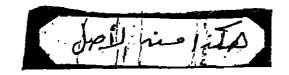
SUTCLIFFE SPEAKMAN PLC Refinancing Proposals
Proposed issue of 150,000,000 new Ordinary Shares
by way of Placing, Offer and Subscription Proposed issue of up to 2,772,260 new Preference Shares Board Restructuring Sale of the Environmental Division Sale of the Walker Business Unaudited results for the 9 months ended 31st December, 1990 and Loss estimate for the year ended 31st March, 1991 Share Capital The authorised and the issued fully paid share capital of the Company following the Placing, Office and Subscription as described to the circular dated 12th April, 1991 will be as follows: £'000 Number 1,723 172,339,880 5,362 22_339,880 1,170 1,170,005 2.509 250.827.036 ordinary shares of 1p each 6.549* 27.289.436 deferred shares of 24p each 1,170 1,170.005 9½ per cent, preference shares of £1 each 2,772,260 new 7 per cent. preference shares 2,392 2,392,260 of £i each

This notice is usued in compliance with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Irritard Limited ("The Stock Exchange"). No shares are being sold to the public in connection with the Placing, Offer and Subscription described in the circulars to Shareholders and Warraudholders of Satellife Speakurs PLC cheal 12th April, 1991 and 11th May, 1991 ("the Circulars") and this notice does to constitute an invitation to any person to subscribe for or to purchase any shares. Listing parameters are constitute as invitation to any person to subscribe for or to purchase any shares. Listing parameters are constitute as invitation to any person to subscribe for a reparameter of the Constant PLC have been delivered for registration in accordance with accitor 149 of the Friendrich Stretters Art. 1986 to the Registrat of Companies in England and Wales. Application has been made to the country of the Contract to the preposate act on the Contract of the admired to the Official List. Deskings in the Contract's to the preposate act on the Contract of the Official List. Deskings in the Contract's to the Contract of t

* It is proposed that, antiport to the attaction of the High Court, the courts to the transfer of the Circulars may be obtained by collection only during normal business hours on any weekings (Sanniary, and public holdens excepted) up to and metalling list May, 1991 from the Company's registered office, Guest Street, Leigh, Lannauhre WN7 22Hz and from:

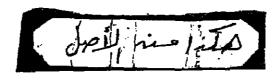
Shockbrokers to the Placing, Subscription Financial advisers to the Company: Brown, Shipley & Co. Linned Founders Court Stockbrokers to the Placing, 5 and Offer: Sunth New Court Securities Luminer 20 Parriagion Road London FC1M 3NH Lothbury London EC2R 7RE

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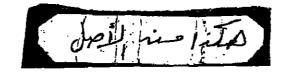
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| 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 | 1-007 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| 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.72 | 10.7 9.411 Foreign & Coloni Product & Calmini Str USS Cast Maticarrency Cast. Captrain ITEC Fund Manuscement Ensemble. | DRIST /9 | 40.25 | 2.03 | Manusce NVM May 21. | Manusce NVM May 22. | Manusce NVM May 22. | Manusce NVM May 23. | Manusce NVM May 24. | Manusce NVM May 25. | Manusce NVM May 26. | Manusce NVM May 26 ai Magait (Jersey) Littl | Since | Prices | 10.00 | 7.5 | 10.594 | 10.00 | 7.5 | 10.594 | 10.00 | 10.5 | 10.594 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00

MONEY MARKET FUNDS

Money Market

Trust Funds

CURRENCIES, MONEY AND CAPITAL MARKETS

LIFFE LONG GILT FUTURES SPTINGS -ENG. 600 640% of \$80°s

FINANCIAL FUTURES AND OPTIONS

LEFFE US TYPICSTERY MAIN FUTURES OFTIMES Singage and a 1987s

FOREIGN EXCHANGES

Dollar falls below DM1.70

THE DOLLAR fell below DM1.70 in late European trading, responding to news that US consumer confidence declined in May for the second consecutive month. The index of confidence, published by the US Conference Rogari fell to Covernment's need to increase ing, responding to news that US consumer confidence declined in May for the second consecutive month. The index of confidence, published by the US Conference Board, fell to 24.2 from a project of 24.4 in 74.2 from a revised 79.4 in April. This suggests that US consumers are increasingly nervous about the prevailing economic conditions, particu-larly unemployment, and that their buying plans are moder-

There was no strong reaction to a rise of 3.4 per cent in sales of existing US homes during April, the highest level since last August, as lower mortgage rates encouraged home buying. At the London close the dol-

lar had fallen to DM1.6980 from DMI.7085 on Friday; to Y137.85 from Y138.40; to SFr1.4455 from SFr1.4550; and to FFr5.7700 from FFr5.8050. On Bank of England figures the dollar's index declined to 65.7 from

Sterling gained ground against the dollar and the pound's partners in the Euro-pean exchange rate mecha-nism, despite concern that

domestic political consider-ations may force the ruling UK Conservative party to make further cuts in interest rates. Current economic arguments do not encourage hopes that **2 IN NEW YORK**

				ho commence of		
May.28	Lan	S	Previous Close	Adjustment (eviation of the carre raiculated by Financi	ay's mirror, rate al Times.
£ Spot 1.7450-1.7470 1.7350-1.7360 1.700th 0.78-0.770th 0.82-0.80cm		0,82-0.80pm	POU	ND SPOT	- FORW	
3 months	6.94-6	2.26pm 2.89pm	2.30-2.27pm 6.92-6.82pm	May 28	Day's spread	Clase
Ferrand presidents and discounts ap				US Canada Retherlands , Beiglass	1.7280 - 1.7455 1.9800 - 2.0005 3.3275 - 3.3425 60.70 - 61.15	1.7445 - 1.79 1.9995 - 2.00 3.3325 - 3.34 61.00 - 61.11
		¥ 47.2 8	Previous	Deserark Ireland	11.3200 - 11.3750 1.1040 - 1.1085	11 3625 - 11 3 1 1075 - 1 10
8.30 am 9.00 am 10.00 am 11.00 am 10.00 pm 2.00 pm 3.00 pm 4.00 pm	Hoth dra	918 918 918 918 918 918 918 918	92.1 92.0 92.1 92.1 92.1 92.1 92.0 91.9 91.8	Germany	2 9565 - 2 9650 257,10 - 259,20 183,05 - 184,05 2197 50 - 2208,75 11,5290 - 11,5805 10,0400 - 10,1000	2,9600 - 2,96 258.20 - 259; 183.45 - 183. 2203.50 - 2204 11.5675 - 11.5 10.6355 - 10.6 10.6350 - 10.6 240.00 - 241.6 20.87 - 20.9 25175 - 25.2 1,4435 - 1,44
CURRE	NCY			Contractal r 6.95-6.85cpr	ates taken towards ti R	e end of London
May 28		Bask of England Index	Morgan Guaranty Changes %	DOLL	AR SPOT	- FORW

Sterling U.S Dollar Canadian Dollar Anstrian Schillin Belgian Franc Danish Krone D-Hart Swiss Franc Dutch Gelider Franc Lira Yes		92.0 65.7 105.5 106.7 110.4 110.5 112.0 112.0 112.1 192.1 194.8 134.9	-19.9 -12.8 +2.6 +12.7 +32.3 +20.8 +15.2 -13.8 -13.8 +66.7
Morgan 1980-1982 = 10 Average 1985 = 1	REN	CY RA	tq.25 TES
Arerage 1985=1	1940 K	ates are for A	4 7.25

May 28	Charak # rate %	Spec <u>fal</u> ** Orawing Rights	European † Currescy Unit			
Sterling U.S. Dollar Canadian S Austrian Sch Belgian Franc, Danish Kroee D-Hani Dotol Geffder French Franc Lapanese You Hornay Kroee Spanish Piston Synakia Piston Synakia Franc	6.00 9.22 7 10.59 6.50 7.75 111.7 6.00 19	0.775392 1.34608 1.54692 16.1960 47.2878 8.81682 2.30112 2.58690 7.81130 1710.73 185.624 8.94699 142.895 N/A N/A	0.694835 1.20137 1.37761 1.4.4717 42.3302 7.38218 2.05674 2.31720 6.98456 1530.24 165.509 8.02274 167.535 7.37280 1.74859 225.497 0.768581			
& Bank rate ref		tral teak disc be UK. Scala				

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OTHE	R CURRE	NCIES
May 28	2	S
Aestralia Brazil Brazil Finland Grece Hung Keeg Kores(SNA) Kuwah Lusesbourg Mainste Mieste K.Zestand Sasta Ar Sasta Core	4.7765 - 4.7885	1.3375 - 1.3385 281.40 - 281.74 4.0560 - 4.0710 185.80 - 189.55 7.3400 - 7.7900 68.00° 722.20 - 728.00 81.43 34.75 - 35.05 2.7560 - 2.7580 2.7560 - 2.7590 1.7125 - 1.7125
Selfina rati	6.3475 - 6.3690	3.6720 - 3.6740

Government's need to increase its popularity, ahead of a general election, will result in a fall towards single figures.

Mr Nick Parsons, economist

at Union Discount, sees no prospect of an early economic recovery and fears that unem-ployment will be over 25 mil-lion before the end of this year. He also noted that last Frid the Bank of England did lend money to the discor houses for at least seven day the first time there has been Friday lending since the l rate cut on April 12 - and th this could suggest there is

implied protest at a furth easing of rates. In London sterling rose 1. cents from Friday to \$1.74

EMS EUROPEAN

The pound also climbed to DM2.9625 from DM2.9575; to FFr10.0675 from FFr10.0450; to SFt2.5225 from SFt2.5175; and to Y240.50 from Y239.50. Its

index gained 0.2 to 92.0.

Sterling remained the third strongest member of the ERM, below the Italian lira and the top-placed Spanish pesta. The Stranger of t Spanish currency hit its ceiling against the French franc, the weakest member of the system, after the Bank of Spain drained

mic after the Bank of Spain drained liquidity at a higher rate from the Madrid banking system, indicating no easing of Spanish monetary policy. Trading was generally thin and featureless, but the D-Mark improved against the land last from Y81.00. The Canadian dollar was firm, prompting selling by the bank of Canada. The central bank intervened as the US dollar fell to C\$1.1457 from 450.					LONDO 20-YEAR 150,000 1 Jun Sep Estantino Previous 6 US TREAS	O GT O D O O O O O O O O O O O O O O O O O O	MAL GET 1 1870 90-30 91-06 480 2579 480 2579 480 2579 480 2579	1cm 90.22 91.60	Pre 90-1 90-2	
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EXCHANGE CROSS RATES											
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£	1	1.745	2.963	240.5	10.07	2.523	3.338	2204	2.000	61.05	1 44
\$	0.573	1	1.698	137.8	5.771	1.446	1.913	1263	1.146	34.99	0.82
рШ	0.337	0.589	1	81.17	3.399	0.852	1,127	743.8	0.675	20.60	6.48
YEN	4.158	7.256	12.32	1000.	41.87	10.49	13.88	9164	8_316	253.8	6.00
F Fr.	0.993	1.733	2.942	238.8	10.	2505	3.315	2189	1.986	60.63	1.43
S Fr.	0.3%	0.692	1.174	95.32	3.991	1	1 323	873.6	0.793	24.20	0.57
H FL	0.300	0.523	0.888	72.05	3.017	0.756	1	660.3	0.599	18.29	0.43
Lira	0.454	0.792	1.344	109.1	4.569	1 145	1.515	1000.	0.907	27.70	0.65
CS	0.500	0.873	1.482	120.3	5.035	1.262	1.669	1102	1	30.53	0.72
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MONEY MARKETS

London rates steady

INTEREST RATES held steady in London yesterday, following Friday's cut of % point in UK bank base rates. No important economic data are due this week and in the absence of fresh factors the market is not yet looking for another rate

Three-month sterling interbank was unchanged at 111/4-111/4 per cent and 12-month money was steady at 11 %-11 per cent.

On Liffe June short sterling opened slightly lower at 88.77 and closed at 88.74, compared

UK clearing hook base leading rate 17.5 per cont from May 24, 1991

with 88.78 on Friday. This indicates a three-month interbank offered rate of about 11% per cent at delivery. Credit was in short supply on the cash market. The Bank

of England initially forecast a shortage of £900m, but revised this to £850m at noon and back to 2900m in the afternoon. An early round of help was offered and at that time the authorities bought £334m bills outright, by way of £3m Treasury bills in band 1 at 11%

per cent; £18m bank bills in

band 1 at 11% per cent; £29m

Treasury bills in band 2 at 11% per cent; and £284m bank bills

in band 2 at 11% per cent.

Before lunch another £108m bills were purchased, via £13m bank bills in band 1 at 11% per cent and £95m bank bills in band 2 at 11 per cent. In the afternoon £175m bills were bought, through £141m bank bills in band 1 at 11% per cent and £34m bank bills in band 2 at 11½ per cent. Late assistance of around £225m was also

Bills maturing in official hands, repayment of late hands, repayment of late assistance and a take-up of Treasury bills drained £1,584m, with bank balances below target absorbing £70m. These outweighed exchequer transactions adding £330m to liquidity and a fall in the note circulation of £425m.

In Frankfurt call money rose to 8.825 from 8.60 per cent as credit conditions became tighter, after last week's particularly easy period on the money market. A meeting of the Bundesbank council today is expected to leave official interest rates unchanged.

In Madrid the recent downward trend in longer term rates was halted after the Bank of Spain sold certificates at 12.85 per cent, compared with 12.75 on Monday and Friday. This was taken as a signal that the central bank has not yet bowed to calls from its European partners to weaken the peseta, by cutting interest rates, and thus ease pressure on the weaker members of the

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.00 а.я. Мау 281	3 mounts US dollars	6 P	onths US Dollars
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The fixing rates are the artifemetic means rounded to the nearest con-statements, of the bid and offered rates for SIOm quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are flational Westminster Bank. Bank of Tokyo, Oesische Bank. Banque Kational de Paris and Morgan Guaranty Trust.

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Netherlands (GCCC-758)

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nary (6)

10 Cut back solidified fish (8)

12 Note eye-catching gadget for pruning (8)

13 Still it could be interference

(6)
15 School bill returned (4)
16 He will stick at his job (10)
19 Warmer in the main (4,6)
20 Role reversal can let an actor down (4) 23 Vehicle it is illegal to leave

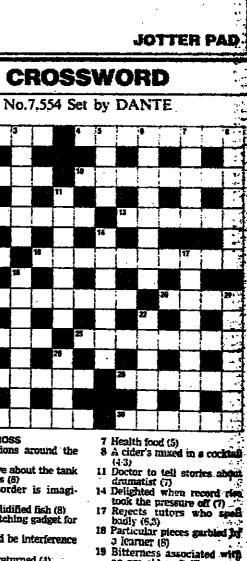
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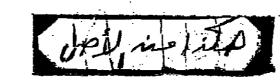
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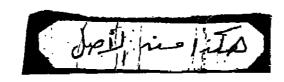


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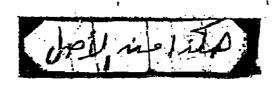




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AMERICA

Automotive sector active in post-holiday trading

Wali Street

US EQUITIES outpaced the bond market by the early afternoon yesterday, after moving in tandem in early trading. Share prices registered moderate gains in subdued, post-holiday trading, writes Karen Zagor in New York.
At 1.30 pm, the Dow Jones Industrial Average was 16.99 higher at 2,930.90, on moderate

volume. The broadly based Standard & Poor's 500, however, eased 0.07 to 377.42 by 12.30 pm and declining issues led advancing stocks by seven to six. Wall Street was shut on

The bond market was unable to shake-off its holiday stupor and bonds were unchanged to a point higher at midsession. Shares in Bankers Trust added \$2% to \$52% and J.P. Morgan rose \$% to \$53% after an analyst at Shearson Lehman Brothers upgraded his investment rating to buy, and increased earnings estimates

News that American Barrick and Newmont Mining were discussing a possible merger spurred trading in American Barrick, which added \$1/4 to \$19%. Shares in Newmont Min-ing were suspended at midsession, but Newmont Gold added \$% to \$16%. The proposed merger, in which American

include Newmont Gold Potlatch dropped \$4% to \$41% after the company said late on Friday that it was not for sale. International Paper, which had expressed interest in a friendly acquisition, eased

Sunstrand slid \$1% to \$32 after the company projected significantly lower second quarter earnings from continuing operations.
Automobile issues were par-

ticularly active in morning trading. General Motors climbed \$1% to \$40%, Ford added \$41% to \$34% and Chrysler gained \$1/4 to \$131/4. Among other actively traded blue chip issues, Philip Morris improved \$% to \$68%, Pepsico firmed \$% to \$32% and IBM fell \$1% to

Shares in L.A. Gear edged \$% higher to \$10% after the troubled fashion sport shoe maker said it had a definitive agreement to sell \$100m in convertible preferred stock to Trefoil Capital Investors, an investment fund managed by Shamrock Capital Advisers.

In the secondary market, Merrill Corporation jumped \$1½ to \$17½ after the typeset-ting, printing and distribution services company turned in first-quarter net income of 43 cents a share, against 37 cents a year earlier.

Dell Computer rose \$% to

and designed for busines application. Shares in Intel rose \$1 to \$52. Apple Computer was the most active issue of the morning, easing \$1% to

Shares in Centocor, which rose sharply last week, added another \$1% to \$38% on expectations that the Food and Drug Administration would look in September at the company's drug to treat septic shock associated with surgery.

Canada

TORONTO STOCKS climbed across the board by midsession, on buying triggered by expectations of a turnround in the economy.

The composite index gained 13.0 to 3,469.6 and advances led declines by 92 to 68, on volume of 14.7m shares.

Paper and forest products companies rose as lumber prices advanced following a gain in housing starts in the US and Canada. MacMillan Bloedel gained C\$1/2 to a 52-week high of C\$201/4.

A jump in Comex gold futures lifted gold shares. American Barrick, in merger talks with US-based Newmont Mining, rose C\$% to C\$22%.

The Bank of Nova Scotia firmed C\$% to C\$17%. The bank announced a rise in sec-

Japan ends little changed as HK recoups part of loss

Tokyo

THE ABSENCE of overnight activity on overseas markets, owing to Monday's holidays in the US and UK, subdued Tokyo yesterday. The Nikkei average closed marginally lower on small-lot selling, writes Emiko Teruzono in Tokyo.

The index lost a net 35.21 at 25,390.67, after a day's high of 25,517.41 and low of 25,340.96. Volume remained thin, 240m shares changing hands compared with Monday's 200m. Declines led advances by 530

unchanged. The Topix index shed 7.02 to 1,926.55, and in London trading the ISE/Nikkei 50 index eased 0.06 to 1.435.36.
Activity centred on short-term trading by dealers, yesterday being the last trading day

for May delivery contracts.

Nippon Telegraph and Telephone, the benchmark stock, fell Y7,000 to Y920,000. The lack of news left inves-

reports of a joint oil refinery construction project in Saudi Arabia. Nippon Oil added Y20 at Y1,070, Arabian Oil rose Y130 to Y6,900 and Chiyoda, the plant engineer, climbed Y50 to Y2,590. Other companies related to

lant construction also rose. Nippon Mining gained Y10 to Y584, oil tank constructor Toyo Kanetsu Y30 to Y1,180 and Japan Steel Works Y34 to Y844. Profits news and forecasts rionis news and lorecasts influenced some share prices. Yokogawa Bridge Works, the leading bridge maker, fell Y230 to Y2,200, the year's low. Investors were discouraged by the company's forecast of an 11 percent drop in pre-tay profits.

cent drop in pre-tax profits. Nippon Densetsu Kogyo, the rail and signal installation con-cern, dipped Y170 to Y2,080 on projections of a marginal 2 per cent rise in pre-tax profits for the current year. It had been

popular recently on hopes that it would benefit from capital pending by Japan Railway. Fujikura, the electric cables and wire maker, put on Y40 to Y1,070 on forecasting a 29 per

cent pre-tax profits increase. Taiyo Yuden, the electrolytic capacitor maker, fell Y72 to Y928 after announcing a 49 per cent drop in pre-tax profits. Banks also declined on sharp profit falls, caused by a rise in interest rates, lower margins and poor stock market conditions. Dai-Ichi Kangyo Bank lost Y50 to Y2,440 and Sumitomo Bank Y30 to Y2.430.

Shipping companies were sought on rumours of a merger. Kawasaki Kisen moved up Y38 to Y565 and Mitsui OSK Lines added Y27 at Y627. Mitsui OSK also benefited from rumours of speculative activity related to political fund raising.
In Osaka, the OSE average

slipped 156.92 to 27,916.08 on volume of 19.1m shares, up from 16.3m. Hosiden, the electronics parts maker, fell for the fourth consecutive day, losing Y10 to Y1,870, on a lower than expected profits forecast. The issue had been popular previ-ously on the liquid crystal dis-play theme promoted by the Japanese brokerages.

ENCOURAGING news from the US revived Hong Kong yea-terday, but other Pacific Rim markets were quietly mixed. Singapore, Kuala Lumpur and

Singapore, Augus Lumpur and Bombay were closed. HONG KONG bounced back after the previous day's 3.5 per cent fall, but ended well below the day's high.
The news that US President

George Bush intended to extend China's most favoured nation trading status for another year helped the Hang Seng index make an early 68-point rise, but it fell back to

close at 3,594.78, up 19.26. Turn-over contracted to HK\$1.37bn from HK\$1.67bn.

AUSTRALIA lost 1.1 per cent as the state of the local dollar and speculation over the future of Treasurer Mr Paul Keating unnerved investors. The All Ordinaries index shed 17.0 to 1,518.2. Volume shrank to a three-month low, with only 65m shares worth A\$142m traded. NEW ZEALAND's Barclays index declined 11.66 to 1.497.76, also in thin trading.

MANILA fell on worries over a possible general strike next week. The composite index, down 1.2 per cent on Monday after last week's 17-month high, lost 12.31 or 1 per cent to 1,167.15. The Ayala Land share offer also kept funds out of the market, turnover falling to 82m pesos from 105m.

On the over-the-counter market, Ayala Land traded at 28 pesos a share — a 7.7 per cent premium to the offer price of

26 pesos.
TAIWAN's trading volume declined to its lowest level for months, as more than two months, as share prices edged higher after the previous day's losses. The weighted index gained 37.72 to 5,939.17 in turnover of T\$33.3bn, down from T\$46.2bn.

SEOUL fell to a low for the year in light trading, the composite index ending 3.48 off at 613.82. Turnover came to Won62.5bn (Won62.1bn). News that North Korea will apply for membership of the United Nations failed to inspire the market.

SOUTH AFRICA

MODEST investment interest and a weaker financial rand helped lift Johannesburg industrials to a record high of 3,599, up 3 yesterday, while golds firmed 12 to 1,191 in spite of a lack of direction in

European laggards and Malaysia take lead

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_	1 Week	4 Weeks	1 Year	Stact of 1981	Start of 1901	Start of 1991
Austria	-1.42	~3,46	- 15.62	+ 14,70	+11.98	+0.4
Belgium	-200	+3.32	-7.15	+16.39	+ 14.14	+2.5
Denmark	+ 1.22	+3.30	-282	+ 18.29	+16.32	+4.5
Finland	+3.17	+4.21	- 14.62	+25.16	+24.91	+12.0
France	- 1.07	+ 1,19	- 15.68	+ 18.00	+ 15.32	+3,4
Germany	+3.13	+ 1.85	~ 10.50	+ 16.27	+ 13.48	+1,7
ireland	-0.49	~2.36	- 13.18	+ 17.67	+ 15.85	+8.8
Italy	+ 2.85	+1.02	-23.20	+ 13.82	+12.65	+1.1
Netherlands	+1.31	~ 1.19	+0.73	+ 18.38	+15.72	+3.7
Norway	+0.34	+7.71	- 13.44	+13.24	+11.54	+0.0
Spain	-0.02	+3.51	+2.68	+ 27.41	+27.97	+14.7
Sweden	+4,81	+4.12	-7.34	+28.06	+31,10	+17.5
Switzerland	+2.36	+2.01	-3.80	+21.91	+ 19,13	+6.8
UK	+0.47	-0.42	+7.35	+15.31	+ 15,31	+3.3
EUROPE	+0.94	+ 0.51	-3.48	+18.97	+15.76	+3.7
Australia	+0.56	-0.02	+7.67	+21.88	+33.55	+ 19.7
Hong Kong	-4.36	+248	+21.19	+25.56	+40.50	+25.9
Japan	-0.28	~0.42	- 18.24	+ 12.08	+22.50	+9.8
Malaysia	+7.12	+4.19	+6.73	+ 17.87	+28.79	+15.4
New Zealand	+0.49	+5.14	-18.33	+20.94	+33,71	+19.8
Singapore	+ 1.88	- 0.17	-5.94	+30.05	+42,46	+23.7
Canada	+0.03	- 1.56	- 1.83	+4.32	+17,51	+5.3
USA	+ 1.38	- 0.54	+5.41	+ 14.67	+27.88	+14.6
Mexico	+3,41	÷9.94	+99.94	+73.43	+90.90	+71.1
South Africa	+ 1.98	+ 2.59	-6.28	+13.08	31,92	+18.2
WORLD INDEX	+0,65	- 0.18	-5.38	+14.53	+23.07	+10.3

By William Cochrane HE RECENT succession of market holidays has given international fund managers time to think and, apparently, the will to act. The rise of less than a percentage point in the FT-Actuaries World Index last week masked some significant changes in

the flow of funds.
In Europe a feeling that London was running out of imme-diate possibilities brought for-eign investment back into the laggard markets of Germany and Italy, while there were also politico-economic excitements n Scandinavia.

In the Pacific Basin, Tokyo's lethargy was relieved by enthusiastic buying in Malaysia, and a severe attack of nerves in a Hong Kong market which, until last week, had seemed to be aiming for record highs. Frankfurt broke new high

ground for 1991 last week as international investors returned, and domestic institutions bought banks for their

man trading volume, which hit a peak on Wednesday of DM11.4bn (\$6.6bn), up from the previous day's DM6.6bn.

previous day's DM6.50n.

Milan was firm in spite of the controversial Generali rights issue and the banking sector's exposure to financial troubles at the agricultural cooperatives. Federconsorzi. Fist's maintained dividend and page country buy here to the second. new equity buy-back programme were well received. Kleinwort Benson says that although the market is cheap, the UK bank remains cautious about Italy's political and eco-nomic situation.

Sweden was Europe's best

performer on the week with a rise of 4.8 per cent, most of it coming on the news that the krona was to be linked to the Rcu, not the dollar. Specula-tion that Finland might do something similar brought it

along in train.

The best rise of the week. came from Malsysia. Stockbro-kers said that the equity mar-ket was being driven by an engranous surge in money supply, growing at 50 per cent in March on a year-on-year basis;

gross domestic product; and that the rise in interest rates this would normally indicate had been replaced, in the short-term, by a rundown in govern-

Kuala Lumpur was also lifted by speculation that a drop from 70 to 50 per cent in the proportion of the employers provident fund that must be devoted to government stocks could mean an equiva-lent boost for equities; and by a sizeable increase in Malay-sia's contribution to the FT-Ac-tuaries index for the Pacific.

Basin, ex Japan. Hong Kong moved from the prospect, just over a week ago, of breaking records, into a fit of depression on the failure of the latest round of Sino-British talks on the airport project, and fears that the US would put conditions on the renewal of China's most favoured nation trading status. Friday's one-point jump in domestic interest rates added to the pressure, but confidence revived yesterday as the US President said he would renew

EUROPE

Frankfurt and Milan consolidate their gains

INDIVIDUAL shares moved more than national equity mar-kets yesterday, as the recent winners, such as Frankfurt and Milan, seemed satisfied to hold on to their gains, writes

FRANKFURT recovered from profit-taking, scraping to a new 1991 high with the DAX index just 0.69 up at 1,682.14, after a 0.24 fall to 704.64 in the FAZ at midsession. Volume eased from DM7.9bn to DM7.6bn.

Ms Barbara Altmann of B Metzler in Frankfurt said that the big German banks had come in with buying orders; one story said that Bayerische Vereinsbank had started to bay for its own funds.

Siemens was busy, the parent company rising DM3.90 to DM632.90 on turnover of DM919m as it reported a big order in Dubai. Nixdorf put on DM15.90, or 6.3 per cent, to DM269.80 on a combination of a trader play, and a Deutsche Bank presentation in Belgium. Earnings reports had mixed effects. In steels, Thyssen fell another DM4.50 to DM220 after its first-half setback; but in

retailing, Kaufhof added DM12 to DM510 on a forecast of higher sales and profits. MILAN was steady but a lit-tle more selective, said Mr Marco Cipelletti of Sanpaulo Bank. The Comit index eased 0.08 to 592.43. Italian equities. according to Sanpaulo, have further to go after their recent recovery: mutual funds should be sitting on piles of cash, having been net sellers since last November, and Italy is selling at about the lowest price/cash

flow (of about 2.5) in Europe. Yesterday's individual fea-tures included Latina, the insurer reported to be in Fondi-aria's takeover sights, which rose L370 to an after-hours price of L12,400; and Ericania, the agri-products group, up L220 at L7,390 after Monday's forecast of higher 1991 profits. In retailing, Standa put on L2,210 to L37,000 on speculation that Mr Silvio Berinscomi would be willing to sell the chain store group.

would be willing to sell the chain store group.

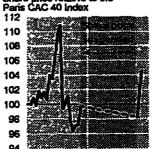
PARIS edged higher, with the CAC 40 index rising 6.29 to 1,807.81, as interest focused on LVMH. The luxury goods group gained FFr164 or 4.1 per cent to FFr4.212 in active trading of 30.730 shares.

ing of 30,730 shares.

The rise in LVMH came as a rumour circulated in France and the UK that Guinness which underperformed the London market yesterday -

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Nouvel	les	Gal	erie	×S

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OUSTINE DESCRIPTION IN	ш
Share price relative to Paris CAC 40 Index	
Leng change and street	



April 1991 May was increasing its stake. In addition, there was news this week that Mr Bernard Arnault, LVMH chairman, would receive a cash boost from the sale of Conforama, the furniture retailer controlled by one

of his companies. Nouvelles Galeries, the department store company at the centre of a takeover battle, jumped 6.8 per cent on the first

	FT	-SE E	rotrac	k 100	- May	28	·
Open 1135.42	10 am 1134.19	11 am	. Moion	change 1 pm 1137.76	2 om	3 pm 1139.35	Close 1138.35

Day's High 1139.49 Day's Low 1134.02 May 23 1132.62 May 21 1123.75 day of trading since its suspen-sion on April 26. The shares ended FF153 up at FF1833, but below a day's high of FF1857,

Lafayette, which was forced to bid for the company after buy-ing a stake from Sweden's Proventus, dropped FF173 or 4.1 per cent to FF11,725. Alcatel Alsthom, which is reported to be bidding for a contract to supply high-speed trains to Texas through its 50 per cent-owned GEC Aisthorn

with 18,950 exchanged. Galeries

unit, added FFr6 to FFr579. ZURICH hit another year's high in good volume, on buy-ing of high quality blue chips, as the Crédit Suisse index

moved up 1.6 to 550.1. Investors switched from Roche certifi-cates, which led the active list as they eased SFr20 to SFr4,870, into Ciba-Geigy, where the registered rose SFr130 to SFr2,490.

AMSTERDAM rose on the firmer dollar and domestic bond market, but closed below its day's high. The CBS Tendency index ended 0.4 up at 94.5, after reaching 94.8 earlier. Computer stocks were volatile. Infotheek dropped F13 or 25 per cent to F19 after saying that it needed to raise fresh equity. HCS Technology fell 80 cents or 13.1 per cent to FI 5.30,

a post-1987 crash low, dealers

believed that Friday's Fl 136m capital increase had included a Fi 190m placing at about only Fi 4 or Fi 4.50 a share BRUSSELS saw demand for individual stocks, but the mar-ket closed mixed. Bekaert, the

steel wire and cord maker, rose

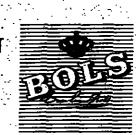
BFr8.640 after saying that results had improved in the first four months of the year. FN was boosted by a newspaper report of an arms deal with Saudi Arabia. FN ordinary stock closed BFr7 or 5.6 per up at BFr132, after hitting a day's high of BFr148, but analysis pointed out that most of FN's activities had been sold to Giat

of France last year som to that of France last year.
OSLO's banking index fell 2.7 per cent on concerns over loan losses, as the all-share fell of losses, as the all-share fell 2.65 to 513.71 in NKr300m turnover. MADRID was little changed in quiet trading Hidrols, the utility, gained Pta5 to Pta562 in volume of 987.946 shares.

ISTANBUL shed 5.1 per cen as the 75-share index fell 196.70 to 3.643.42.

This announcement appears as a matter of record only

N.V. KONINKLIJKE DISTILLEERDERIJEN **ERVEN LUCAS BOLS**



Through its subsidiary

BOLS MILANI LTDA.

has acquired the

INDUSTRIAL FACILITIES AND MARAÚ TRADEMARK

UTIARA S.A. AGROINDÚSTRIA E COMÉRCIO

The undersigned acted as advisor to the purchaser in the valuation, negotiation and financial structuring of the acquisition

NMBBANK

SÃO PAULO

May 1991

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

national and Regional Markets		MONDAY MAY 27 1991							FRIDAY MAY 24 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	OM Index	Local Currency Index	Local % chg on day	Gross Div. Yleid	US Pollar Index	Pound Starling Index	Yen Indez	DM Indix	Local Currency Index	1991 High	1591 Low	Year ago (approx)
Austrelia (72)	141.18	~ 0.1	120.96	123.51	125.41	123.90	-0.1	5.36	141.37	121.12	123.68	125,58	124.07	147.30	112.74	134.28
Austria (19)		+0.2	169.51	173.10	175.74	175.83	+0.2	1.50	197.43	169.15	172.73	175.37	175.46	222.37	167.00	241,33
Belgium (60)		0.6	115.26	117.68	119.49	116.78	-0.6	5.08	135.31	115.93	118.37	120.19	117.46	151.20	121.73	148.67
Canada (117)	137.15	+0.1	117.51	179.98	121.82	114.11	+0.1	3.51	137.01	177.38	119.86	121.69	113,99	141.10	126.49	134.87
Denmark (31)	. 242.94	+0.1	208.14	212.54	215.79	216.51	+0.1	1.55	242.63	207.87	212.27	215.52	218.23	270.56	217.74	255,63
Finland (21)	115.34	~0.2	98.82	100.91	102.46	98.05	-0.2	2.48	115,52	98.97	101.07	102.61	96.20	125.15	90.61	137.12
France (111)	135.98	~ 0.2	116.50	118.96	120.78	123.83	-0.2	3.44	136.24	116.72	119,18	121.00	124.06	152.26	121.85	165.40
Germany (88)	114.63	+0.7	98.21	100.30	101.82	101.82	+0.7	2.19	113.88	97.55	99.62	101.13	101.13	725.35	102.43	126.60
Hong Kong (47)		-3.7	126.58 131.74	129.24	131,22 136,58	147.41	-3.7	4,54	153,46	131.47	134.25	136.31	153.13	161.77	119.62	126.77
Ireland (17)		~0.3 +0.5	58.11	134.52 69.55	70.62	138.31 75.47	-0.3 +0.5	4.06	164.22 79.11	132 13 67.77	134.92 69.20	136.99	138.72	182.46	132.88	180.73
Italy (91)		~0.5	116.85	119.31	121.16	119.31	-0.5 -0.5	3.14 0.72	137.03	117.40	119.88	70.26 121.74	75.09 1 19.88	88.23	72.05 118.35	105.89
Malaysia (33)		+0.7	211.35	215.80	219.11	261.93	+0.7	2.90	244.97	209.87	214.30	217.58	280.11	146.97 247.78	192.83	157.86
Mexico (12)		+0.0	B57.02	875.13	888.54	3272.38	+0.0	0.60	1000.41	857.09	875.20	288.61	3272.62	241.10	534.45	234.26 531.05
Netherland (40)		+0.4	119.53	122.06	123.93	122.52	+0.4	4.43	139.01	119.10	121.81	123.48	122.07	145.73	125,70	139.46
New Zesland (14)		~0.8	44.22	45.15	45.84	47.03	-0.8	7.57	52.04	44.58	45.53	46.22	47.42	54.64	41.18	63.31
Norway (30)		+1.1	176.91	180.65	183.42	185.59	+ 1.1	1.62	204.30	175.03	178.74	181.48	184.61	223 24	182.24	239.95
Singapore (25)	202.50	-0.5	173.49	177.16	179.87	185.17	-0.5	2.03	203.44	174.30	177.98	180.70	165.94	208.25	151.63	206.87
South Africa (60)	216.05	~0.1	185.10	189.01	191.90	153.83	-0.1	3.72	216.34	185.34	189.26	192.15	154.03	216.89	173.00	188.32
Spain (41)		+0.3	138.34	141.27	143.43	129.79	+0.3	4.32	161.00	137.94	140.88	143.01	129.41	171.12	131.51	157.54
Sweden (27)		+ 1.6	163,10	166.55	169.10	172.69	+ 1.6	2.53	187.44	180.59	163,98	186,50	170.03	204.12	146.60	210.67
Switzerland (66)	35.50	+ 0.5	81.82	83.55	84.84	86.15	+0.5	2.27	95.00	81.39	83.12	84.40	85.70	100.57	82.17	101.07
United Kingdom (293)	171.28	+0.0	146.75	149.83	152.13	146.75	+0.0	4.96	171.28	148.75	149.83	152,13	146.75	187.44	156.27	155.12
USA (523)	152.86	+ 0.0	130.96	133.74	135.78	152.85	+0.8	3.21	152.88	130.96	133.74	135.78	152.86	158.24	125.95	143.42
Europe (935)	139.90	+0.2	119.86	122,39	124.27	122.31	+0.2	3.89	139.63	119.63	122.16	124.03	122.08	151.52	125.50	144.52
Nordic (109)	184.86	+0.9	158.38	161.73	164.20	159.90	+0.9	2.02	183.29	157.03	160.35	162.81	158.54	200.81	155.55	203.45
Pacific Basin (643)	136.73	−0.6	117,14	119.62	121.45	120.17	- O.B	1.08	137.48	117.79	120,28	122,12	120.84	145.92	117.86	155.82
Euro - Pacific (1578)		-0.2	118.55	121.05	122.90	121.92	-0.2	2.24	138.71	118.84	121,34	123,20	122 22	147.86	121.29	151,64
North America (640)	151.81	+ 0.0	130.06	132.83	134,87	150.25	+0.0	3.22	151.80	130.05	132.82	134.86	150.24	157.04	125.91	142.81
Europe Ex. UK (642)		+0.3	103.38	105.58	107.20	107.96	+0.3	3.09	120.26	103.03	105.23	106.85	107.60	129,80	106.85	136.36
Pacific Ex. Japan (191)	139.75	-1.4	119.73	122.28	124.14	126.22	-1.4	4.81	141.72	121.42	124,01	125.90	129.00	145.66	111.40	130.81
World Ex. US (1767)	139.60	-0.2	119.60	122.14	124.01	122.70	-0.2	2.30	139.92	119.88	122.42	124.29	122.98	148.16	122.32	151. 6 5
World Ex. UK (1997)	140.28	- 0.2	120,18	122.73	124.61	130.59	-0.2	2.35	740.51	120.38	122.93	124.82	130.81	145.77	120.06	146.90
World Ex. So. At. (2230)	142.58	−0.1	122.15	124.75	126.66	132.03	-0.1	2.62	142.79	122.33	124.83	126.84	132.22	148.66	122.92	147.36
World Ex. Japan (1838)	147.88	+0.0	126.70	129.38	131.38	139.03	+0.0	3.54	147.88	126.68	129.37	131.36	139.01	152.63	126.69	143.76
The World Index (2290)	143.02	-Q.1	122.53	125.13	127.05	132.19	-0.1	2.63	143.23	122.71	125.31	127.23	132.38	149.01	123.28	147.61
Convight. The Financial	Times L	imited.	Goldmai	n. Sachs	& Co. :	and Cou	nty Nativ	est Se	curities l	imited.	1987					

